

45/85

IN THE PRIVY COUNCIL

No.30 of 1984

O N A P P E A L

FROM THE FULL COURT OF THE SUPREME COURT OF VICTORIA

IN THE MATTER OF THE COMPANIES (VICTORIA) CODE

- and

IN THE MATTER OF BRINDS LIMITED

B E T W E E N :

BRINDS LIMITED, BORIS ANDREW GANKE, GULF RESOURCES N.L.,
ALEXANDERS SECURITIES LIMITED, CHAPMANS LIMITED, NORTHERN
STAR INVESTMENTS PTY. LIMITED AND HALLMARK MINERALS N.L.

Appellants

- and -

OFFSHORE OIL N.L., MARTIN CORPORATION LIMITED and
JACKSON GRAHAM MOORE AND PARTNERS (a firm)

Respondents

RECORD OF PROCEEDINGS

VOLUME ONE

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Respondents

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	Cross-examined	26th April, 1983	1406
	Re-examined	26th April, 1983	1410

NO.	DESCRIPTION OF DOCUMENT	DATE	PAGE
			TRANSCRIPT BOOK
	GANKE Boris Andrew Volumes F and G		
	Examined	26th April, 1983	1463
	Cross-examined	26th April, 1983	1464
	Re-examined	28th April, 1983	1735
	Cross-examined	29th April, 1983	1788
	PAULER Lenka Volume G		
	Examined	28th April, 1983	1761
	Cross-examined	28th April, 1983	1761
	Re-examined	28th April, 1983	1777
	KIPPIST James Balfour Volume G		
	Examined	29th April, 1983	1793
	Cross-examined	29th April, 1983	1796
	Re-examined	29th April, 1983	1828
	TOSIO Martin Anthony Volume G		
	Examined	29th April, 1983	1830
	Cross-examined	29th April, 1983	1832
	Re-examined	29th April, 1983	1883
	LEEK Kevin John Volume G		
	Examined	29th April, 1983	1895
	Cross-examined	29th April, 1983	1896
	Re-examined	29th April, 1983	1899

PETITION (AS AMENDED)

No.1
Petition of
Offshore Oil
N.L. to wind
up Brinds
Limited
17th February
1983

THE HUMBLE PETITION of OFFSHORE OIL N.L. showeth as follows:-

1. BRINDS LIMITED (hereinafter called the Company) was on the 1st day of June, 1914, incorporated under the Companies Act, 1910 of the State of Victoria.
2. The registered office of the Company is at c/- Lindsay W. Hay & Associates, 100 Collins Street, Melbourne.
3. The nominal capital of the Company is \$20,000,000.00 divided into 40,000,000 shares of 50¢ each. The amount of the capital paid up or credited as paid up is \$1,190,489.00.
4. The objects for which the company was established, as changed by a special resolution of the company on 17th July, 1964, include, inter alia, those set forth below:
 - "19. To perform or do all or any of the following operations acts or things
 - ...(viii) to borrow money or to receive money on deposit either with or without security."
20. The other objects for which the company was established as changed by a special resolution of the Company on 17th July, 1969 are as set forth in the Memorandum of Association.
5. The company is indebted to the Petitioner, OFFSHORE OIL N.L., for the sum of \$3,513,236.00 which sum is due and owing by the Company to the Petitioner.

In the Supreme 6.
Court of
Victoria

No.1
Petition of
Offshore Oil
N.L. to wind
up Brinds
Limited
17th February
1973

(continued)

On 22 October 1982 the partners of Messrs. Jackson Graham Moore & Partners, Stock and Share Brokers, caused to be served on the Company by leaving at its registered office a demand duly executed requiring the company to pay to the said Jackson Graham Moore & Partners \$1,426,658.70 which sum was then owing by the Company to the said Jackson Graham Moore & Partners.

7. Notwithstanding that more than 3 weeks have passed since such notice was served on the Company the Company has neglected to pay the same or to secure or compound the same to the reasonable satisfaction of the said Jackson Graham Moore & Partners.

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8. On 25 October 1982 the directors of Martin Corporation Limited caused to be served on the Company by leaving at its registered office a demand duly executed requiring the company to pay to the said Martin Corporation Limited \$446,974.39 which sum was then owing by the Company to the said Martin Corporation Limited.

9. Notwithstanding that more than 3 weeks have passed since such notice was served on the Company the Company has neglected to pay the same or to secure or compound the same to the reasonable satisfaction of the said Martin Corporation Limited.

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As amended

* 10. The Company is unable to pay its debts and ought to be wound up.

* 11. Alternatively to paragraphs 6, 7, 8, 9 and 10 hereof:-

(a) After taking into account the contingent and prospective liabilities of the Company the Court should be satisfied that the Company is unable to pay its debts.

(b) The Company is unable to pay its debts and ought to be wound up.

In the
Supreme
Court of
Victoria

12. In the circumstances it is just and equitable that the Company be wound up.

YOUR PETITIONER therefore humbly prays as follows:-

- (1) That BRINDS LIMITED may be wound up by the Court under the provisions of the Companies (Victoria) Code.
- (2) That such other order may be made in the premises as shall be just.

No.1
Petition
of
Offshore
Oil N.L.
to wind
up Brinds
Limited
17th
February
1983

(continued)

10. NOTE - It is intended to serve this Petition on BRINDS LIMITED
c/- Lindsay W. Hay & Associates, 100 Collins Street, Melbourne.

The Common seal of Offshore Oil N.L.)
was hereunto affixed pursuant to a)
resolution of the directors in the)
presence of:)

Director

Secretary

Dated: 17th February, 1983.

* Amended pursuant to leave granted by His Honour Mr. Justice
Tadgell on 2nd May, 1983.

ORDER APPOINTING A PROVISIONAL LIQUIDATOR

No.2
Order of
Master Jacobs
appointing a
Provisional
Liquidator
17th February
1983

BEFORE MASTER JACOBS (IN CHAMBERS), THURSDAY

THE 17TH DAY OF FEBRUARY, 1983

UPON APPLICATION made this day by the Petitioner herein, Offshore Oil N.L., UPON READING the Petition presented herein this day, the several affidavits of Kenneth George Wilshire, sworn the 16th day of February 1983, Alexander Robert Mackay MacIntosh, sworn the 14th day of February 1983, Stephen Robert Anstice, sworn on the 16th day of February 1983, Geoffrey John Gilbert, sworn the 16th day of February 1983, Bruce Gordon Jackson, sworn the 16th day of February 1983, Thomas Eric Atkinson, sworn the 16th day of February 1983 and Charles Anthony Chandlin Fear, sworn the 17th day of February 1983 all filed herein and the exhibits therein referred to and the Summons issued herein this day by the said Offshore Oil N.L.

AND UPON HEARING Mr. Goldberg, one of Her Majesty's Counsel, and Mr. Finkelstein of Counsel for the Petitioner, Offshore Oil N.L.,

I DO ORDER that David Alexander Crawford of 500 Bourke Street, Melbourne, be and is hereby appointed as provisional liquidator of Brinds Limited until the hearing and determination of the Petition herein or further order AND I DIRECT that the said provisional liquidator take possession of all the assets and undertaking of the said company AND I DO ORDER that the provisional liquidator shall have the duties and powers set forth in Section 377 (i) (a), (c) and (d) of the Companies (Victoria) Code and Section 377 (2) (a), (b), (d) and (k) of the said Code AND I DO FURTHER ORDER that a copy of

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this order be served on the said company by leaving the same at its registered office with a person apparently employed thereat on or before the 18th day of February 1983 AND I DO FURTHER ORDER that the said company be at liberty on giving 48 hours in writing to apply if so advised to vary or discharge this order AND I DO FURTHER ORDER that the costs of this application be reserved AND I CERTIFY that this was a matter proper for the attendance of counsel.

In the Supreme Court of Victoria

No.2
Order of
Master Jacobs
appointing a
Provisional
Liquidator
17th February
1983

(continued)

(signed)

MASTER

Masters Seal

17th February, 1983.

In the
Supreme
Court of
Victoria

NOTICE OF APPEAL FROM MASTER

No.3
Notice of
Appeal
against
the Order
of Master
Jacobs by
Boris
Andrew
Ganke
23rd
February
1983

TAKE NOTICE that BORIS ANDREW GANKE of 26 Billyard Avenue Elizabeth Bay in the State of New South Wales Company Director being a shareholder in the capital of Brinds Limited and a person affected by the Order of Master Jacobs made herein on 17th February 1983 appointing one DAVID ALEXANDER CRAWFORD provisional liquidator of Brinds Limited intends to APPEAL against the said Order

AND TAKE FURTHER NOTICE that the said DAVID ALEXANDER CRAWFORD and the PETITIONING CREDITOR herein are required to attend before His Honour the Judge in Chambers at the Law Courts William Street Melbourne on Friday 4th March 1983 at 10.30 o'clock in the forenoon on the hearing of an application by the said Boris Andrew Ganke that the said Order of Master Jacobs appointing a provisional liquidator herein be set aside.

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DATED this 23rd day of February 1983.

(Signed)

.....

GODFREY AND GODFREY

of 358 Lonsdale Street
Melbourne

Solicitors for the said
Boris Andrew Ganke

AFFIDAVIT OF ALEXANDER ROBERT MACKAY MACINTOSH

No.4
Affidavit of
Alexander
Robert MacKay
Macintosh
14th February
1983

I, ALEXANDER ROBERT MACKAY MACINTOSH, of Tower Building, Australia Square, Sydney, Chartered Accountant, make oath and say as follows:-

1. I am a Chartered Accountant and Partner in the firm Peat Marwick Mitchell & Co. I depose to the matters hereinafter set forth from my own knowledge save where otherwise indicated.

2. I am a registered liquidator in New South Wales and Victoria. I am an "A" list official liquidator in New South Wales and I have had 14 years experience as a Chartered Accountant in
10. insolvency work.

3. By a Deed dated 25 November, 1982 ("the Moratorium Deed") I was appointed the Examining Accountant by the Debtor companies therein referred to including Brinds Limited ("Brinds") to monitor the due and punctual performance of the provisions of the Moratorium Deed by certain companies including Brinds. Now produced and shown to me and marked "A" is a copy of the Moratorium Deed.

4. Since 25 November, 1982 I have endeavoured to perform the duties imposed upon me by the Moratorium Deed to the best of my ability. However I have been hampered in the performance of
20. those duties by the failure of the officers of the companies described in the Moratorium Deed as "Debtors", including Brinds, to supply financial information requested by me pursuant to such Deed.

5. On 10 February 1983 I delivered to the companies described in the Moratorium Deed as "Creditors" an opinion under Clause

In the
Supreme
Court of
Victoria

No. 4
Affidavit
of Alexander
Robert
MacKay
Macintosh
14th
February
1983

(continued)

22 of that Deed. Now produced and shown to me and marked "B" is a copy of that opinion.

6. From information provided to me by Brinds since I have been Examining Accountant and provided to Mr. Charles Anthony Candlin Fear, a Chartered Accountant who is a Manager employed by Messrs. Peat Marwick Mithcell & Co. and who has assisted me in the performance of my duties as Examining Accountant, which information Mr. Fear has in turn relayed to me and which I believe to be true, I have formed the opinion that Brinds is unable to pay its debts.

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7. I am aware that Brinds is indebted to Offshore Oil N.L. ("Offshore ") for a sum exceeding \$3,513,236.00. On October 14, 1982 I attended a board meeting of Offshore Oil N.L. ("Offshore") and had a conversation with Mr. Boris Ganke ("Ganke") who I know to be the Chairman and Managing Director of Brinds and in the course of that meeting I said to him words to the following effect: "Can Brinds repay the Offshore debt in the time required by Offshore?" Ganke replied to me : "No". No information has come into my possession since I have been the examining Accountant of Brinds which has given me any cause to believe that such position has changed and I am of the opinion that Brinds is unable to pay the amount owing to Offshore.

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8. At my request Mr. Fear obtained from Mr. Martin Tosio ("Tosio"), who I understand to be the principal accounting officer of Brinds and who is described in the 1981 Annual Report of Brinds as "the person in charge of preparation of the group accounts", information concerning the moneys which Brinds and other Debtors under the Moratorium Deed would need during the first six months of 1983 to meet their commitments, assuming none

of the creditors not subject to the Moratorium Deed are repaid in full or in part and also excluding therefrom amounts of interest which would otherwise have been payable to the Creditors under the Moratorium Deed (including Offshore). Such information, which I believe to be true, shows that Brinds and three other companies which are Debtors under the Moratorium Deed and which are also subsidiaries of Brinds (namely Alexanders Securities Limited, Chapmans Limited and Bonds and Securities (Trading) Pty. Ltd.) would need funds of approximately \$589,000 during the first six months of 1983 to meet their operating expenses (including interest to creditors not party to the Moratorium Deed) during such period. The amount required by Brinds itself to meet such expenses is about \$308,000. None of the aforesaid companies have significant sources of income and in fact Brinds has no source of income whatsoever. Now produced and shown to me and marked "C" is a copy of the figures prepared by Mr. Tosio regarding the above; now produced and shown to me and marked "D" is a summary of such figures prepared by Mr. Fear, with which summary I agree, and which shows that for every month to which the summary relates Brinds will incur a net cash outflow. In my opinion the only way Brinds could obtain the moneys needed to continue operating would be by selling or refinancing existing assets. In my opinion it is impossible for Brinds to embark upon such a course without causing serious disadvantage to the general body of creditors of Brinds and the other Debtors under the Moratorium Deed.

9. My investigations have established that Brinds and the other Debtors under the Moratorium Deed have liabilities exceeding \$20 million and assets with realisable values of approximately \$8 million. It is my opinion that Brinds and the Debtor companies

In the Supreme
Court of
Victoria

No.4
Affidavit
of Alexander
Robert MacKay
Macintosh
14th February
1983

(continued)

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In the
Supreme
Court of
Victoria

No.4
Affidavit
of Alexander
Robert
MacKay
Macintosh
14th
February
1983

(continued)

in its group are insolvent and unable to pay their ~~debts~~.

10. A proper consideration of the financial position of Brinds is hampered because the last accounts available are those for the year ended 31 December, 1981. The accounts of Brinds for the year ended 31 December, 1982 have not been finalised, according to Mr. Tosio. While I have been Examining Accountant of Brinds, I have asked Mr. Ganke (the Chairman and Managing Director of Brinds) on a number of occasions to provide me with up to date financial information relating to Brinds but he and Brinds have failed to do so.

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11. Now produced and shown to me and marked with the letter "E" is a copy of the 1981 Annual Report of Brinds. From the information which has come into my possession while I have been Examining Accountant it is my opinion that Brinds excess of current liabilities over current assets is now greater than that shown as in the aforesaid 1981 Annual Report of Brinds.

12. In my observation Brinds and the other Debtor companies in the Brinds group are using the small amount of cash being received by them to meet urgent expenses including interest on secured debts and to pay pressing creditors and improvement of the financial position of Brinds depends heavily upon shares it and the other Debtors own in Offshore increasing in price. In my opinion there is little prospect of this occurring in sufficient amounts to improve Brinds financial position significantly in the next six to twelve months.

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13. Further, while I have been Examining Accountant, Ganke has advanced on behalf of Brinds proposals for financial transactions for my approval under the Moratorium Deed which in my opinion can only be described as lacking in commercial substance and reality.

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14. In my opinion, an example of such a proposal as I refer to in the immediately preceding paragraph of this Affidavit is evidenced by the copies of documents now produced and shown to me and marked "F" which is a bundle of correspondence between Ganke and myself between 18 January 1983 and 9 February 1983 concerning shares held by Brinds in Southern Cross Exploration N.L. but which were forfeited when Brinds failed to pay a call of 5c per share by the required time for payment of such call. In fact there is a winding up petition against Southern Cross Exploration N.L. returnable before the Supreme Court of New South Wales shortly. The most significant asset of that company is its interest in a joint venture which from information provided to me I believe it is liable to forfeit, so that the company may be entirely worthless. I proposed to Ganke the payment of the said call subject to a term that the shares immediately thereafter be sold. At the time I made such proposal I was aware that there was a prospective purchaser for the shares but Ganke refused to agree to the transaction, even though it may have resulted in a return to Brinds of about \$600,000.

15. In further support of my opinion expressed in paragraph 13 of this Affidavit, I refer to a bundle of correspondence now produced and shown to me and marked "G" between Ganke and myself between 19 January 1983 and 9 February 1983 concerning a proposal of Brinds by which it sought my approval to engage in buying shares in Gulf Resources N.L. From information obtained by me pursuant to the Moratorium Deed it appears to me that apart from substantial sums of money owned to it by Brinds, Gulf Resources N.L. has assets of only a small value and the purchasing of the shares in such company at a price of 5-7c each is without any commercial explanation or merit.

In the Supreme Court of Victoria

No.4 Affidavit of Alexander Robert MacKay Macintosh 14th February 1983

(continued)

In the
Supreme
Court of
Victoria

No.4
Affidavit
of Alexander
Robert
MacKay
Macintosh
14th
February
1983

(continued)

16. Now produced and shown to me and marked "H" is a bundle of correspondence between Ganke and myself concerning matters generally relating to Brinds and the other Debtors under the Moratorium Deed.

17. I refer to the bundle of correspondence marked "H" and to the letter therein dated 19 January 1983 from Brinds to me, the fifth paragraph, and say that I am informed by Mr. Fear and verily believe that although he has attended by telephone or in person the offices of Brinds on a number of occasions and has made repeated requests for various information he has not been kept informed on a daily basis of what the Debtors were doing.

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18. I refer to the bundle of documents marked "H" and the letter therein dated 7th February 1983 from Brinds to me, the second unnumbered paragraph, and say that I have not promised to Brinds that I would not strictly enforce clause 4.2(a) of the Moratorium Deed. I refer to the aforesaid bundle of documents and the letter therein dated 30th December 1982 from Brinds to me. By such letter Brinds requested me to exempt it from complying with Clause 4.2 (a) of the Moratorium Deed. I further refer to the aforesaid bundle of documents and the letter therein dated 12th January 1983 from me to Brinds. In such letter, I responded to the aforesaid request of Brinds and I granted to it pursuant to the Moratorium Deed, an extension of time to produce the accounts referred to in Clause 4.2 (a) of the Moratorium Deed to 31 January, 1983 and by my letter of 2nd February 1983 to Brinds (in the said bundle of documents marked H) I refused to further extend the time for the submission by Brinds to me of such accounts. As at the date of this Affidavit I have not

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received from Brinds any accounts for the period July 1, 1982 to September 30, 1982.

In the Supreme
Court of
Victoria

19. In opinion the financial affairs of Brinds are such that a provisional liquidator ought to be appointed to take over the administration of the company as quickly as possible. It is further my opinion that if such a liquidator is not appointed promptly the creditors of the company could have no confidence that the assets of the company are not in jeopardy. In my opinion there is a real risk that if the present officers of Brinds are allowed to conduct the affairs of the company until the petition to wind up Brinds is heard, there is a significant risk that the assets of Brinds will be dealtwith in a manner disadvantageous to the general body of creditors of Brinds.

No.4
Affidavit
of Alexander
Robert MacKay
Macintosh
14th February
1983

(continued)

SWORN in the State of New South
Wales by the said ALEXANDER ROBERT
MACKAY MACINTOSH this 14th day of
February 1983.

In the Supreme
Court of
Victoria

No.5
EXHIBIT "A"
COPY OF MORATORIUM DEED

No.5
Exhibit "A"
Copy of
Moratorium
Deed
14th February
1983

This is the Exhibit marked with the letter "A" produced and shown
to ALEXANDER ROBERT MACKAY MACINTOSH at the time of swearing his
Affidavit.

SWORN the 14th day of February, 1983.

THIS DEED is made the 25th day of November, 1982

In the Supreme
Court of
Victoria

BETWEEN: OFFSHORE OIL N.L. (hereinafter sometimes referred

to as "Offshore"), of the first part

AUREOLE INVESTMENTS PTY. LIMITED (hereinafter

sometimes referred to as "Aureole"), of the second
part

FAI INSURANCES LIMITED (hereinafter sometimes

referred to as "FAI"), of the third part

FIRE AND ALL RISKS INSURANCE LIMITED (hereinafter

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sometimes referred to as "FAR"), of the fourth
part

(the Parties of the first to fourth parts

hereinafter sometimes referred to as the

"Creditors" or individually as a "Creditor").

METROPOLITAN EXECUTORS AND NOMINEES PTY. LIMITED

(hereinafter sometimes referred to as

"Metropolitan"), of the fifth part

BRINDS LIMITED (hereinafter sometimes referred to

as "Brinds"), of the sixth part

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ACRON PACIFIC LIMITED (hereinafter sometimes

referred to as "Acron Pacific"), of the seventh
part

ALEXANDERS CORPORATION LIMITED (hereinafter

sometimes referred to as "Alexanders"), of the
eighth part

ALEXANDERS SECURITIES LIMITED (hereinafter

sometimes referred to as "Alexanders Securities"),
of the ninth part

No.5
Exhibit "A"
Copy of
Moratorium
Deed
14th February
1983

(continued)

In the Supreme
Court of
Victoria

No.5
Exhibit "A"
Copy of
Moratorium
Deed
14th February
1983

(continued)

BONDS AND SECURITIES (TRADING) PTY. LTD.

(hereinafter sometimes referred to as "Bonds and Securities"), of the tenth part

CHAPMANS LIMITED (hereinafter sometimes referred to as "Chapmans"), of the eleventh part

GULF RESOURCES N.L. (hereinafter sometimes referred to as "Gulf"), of the twelfth part

HALLMARK MINERALS N.L. (hereinafter sometimes referred to as "Hallmark"), of the thirteenth part

INVESTMENT CORPORATION OF FIJI LIMITED (hereinafter sometimes referred to as "Fiji"), of the fourteenth part

NADI BAY BEACH CORPORATION LIMITED (hereinafter sometimes referred to as "Nadi Bay"), of the fifteenth part

(the parties of the sixth to fifteenth parts hereinafter sometimes referred to as the "Debtors" or individually as a "debtor")

BORIS ANDREW GANKE (hereinafter sometimes referred to as "Ganke"), of the sixteenth part

MARTIN TOSIO (hereinafter sometimes referred to as "Tosio"), of the seventeenth part

JAMES KIPPIST (hereinafter sometimes referred to as "Kippist"), of the eighteenth part

AND: ALEXANDER R. M. MACINTOSH (hereinafter sometimes referred to as "the Examining Accountant") of the nineteenth part

WHEREAS:

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- A. The parties of the sixth to eighth, tenth and twelfth to fifteenth parts (inclusive) hereto are indebted to Offshore or Aureole (a wholly owned subsidiary of Offshore) in the amounts set out opposite the names of such parties in the First Schedule hereto. Offshore has issued notices pursuant to Section 364 of the Companies (New South Wales) Code (or a corresponding statute) and disputes have arisen between the Debtors, Offshore and Aureole about the terms and other conditions of the indebtedness.
- 10 B. The indebtedness of Acron Pacific and Nadi Bay to Offshore and Aureole as described in the First Schedule is the subject of agreed security between each such Debtor, Offshore and Aureole.
- C. Each of Chapmans and Alexanders Securities is indebted to FAR in the amount set out opposite its name in the Second Schedule hereto, such indebtedness being the subject of the securities referred to in the said Schedule (and hereinafter referred to as the "Securities").
- 20 D. Each of the said Debtors listed in Recital C has defaulted in its obligations to FAR which has commenced proceedings in the Supreme Court of New South Wales against Chapmans and in the Supreme Court of Queensland against Alexanders Securities seeking orders that each such company be wound up on the ground that it is unable to pay its debts. Ganke has guaranteed to FAR repayment of the monies owing by those Debtors referred to in Recital C.
- E. Each of the Debtors has requested the Creditors to whom it

In the Supreme Court of Victoria

No.5
Exhibit "A"
Copy of
Moratorium
Deed
14th February
1983

(continued)

No.5
Exhibit "A"
Copy of
Moratorium
Deed
14th February
1983

is indebted to extend to it certain indulgences and the
Creditors have agreed to grant such indulgences on the
terms and conditions including the covenants on the part
of all the Debtors as well as Ganke, Tosio and Kippist
hereinafter set forth.

(continued)

- F. Offshore, Aureole, Metropolitan, FAI and FAR have at the
request of the Debtors and in consideration of the Debtors
covenants as well as those of Ganke, Tosio and Kippist
hereinafter contained agreed to enter into this Deed and
settle various disputes and litigation to which they and
certain of the Debtors and such persons are parties. 10
- G. The parties have agreed to attempt to procure that the
companies and persons whose names are set out in the Third
Schedule hereto (hereinafter referred to as "the Secured
Creditors") will become parties to this Deed or any
subsequent deed which the parties may execute replacing
this Deed.

NOW THIS DEED WITNESSETH:

1. From the date of this Deed and until and including
November 30, 1983 or until terminated in accordance with
the provisions hereof, whichever shall first occur
(hereinafter called the "Moratorium"): 20

- A. Each of the Debtors shall and it hereby separately
covenants with each Creditor to whom it is indebted
as set forth in the First and Second Schedule
hereto:

- (i) to carry on its affairs for the purpose of
progressively discharging during the
Moratorium its liability to each such
Creditor to whom it is indebted including 30

the realisation or refinancing of such
(including if necessary all of its) assets
as shall be required for such purpose.

In the Supreme
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- (ii) to commence and carry out the realisation or
refinancing of such assets with expedition
and diligence following upon execution of
this Deed.

No.5
Exhibit "A"
Copy of
Moratorium
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14th February
1983

(continued)

- 10 B. Each of Brinds, Acron Pacific, Alexanders,
Alexanders Securities, Bonds and Securities,
Chapmans, Hallmark, Fiji and Nadi Bay separately
covenants with each of the Creditors to, and Ganke
agrees with each of the Creditors that he will cause
each such company to:

- (i) forthwith appoint and ensure the continued
appointment of Mr. A. R. Macintosh, a member
of Messrs. Peat Marwick Mitchell & Co.,
Chartered Accountants (or such other person
being a member in any of the firms of Peat
Marwick Mitchell & Co., Coopers & Lybrand
or Price Waterhouse & Co., as the Creditors
shall nominate to replace him) during the
Moratorium as the Examining Accountant of
such Debtor, such person having all the
powers and authorities hereinafter set
forth;

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- (ii) forthwith appoint and ensure the appointment
of the Examining Accountant during the
Moratorium as a necessary party to the
affixing of its common seal;

In the Supreme
Court of
Victoria

No.5
Exhibit "A"
Copy of
Moratorium
Deed
14th February
1983

(continued)

- (iii) ensure that during the Moratorium the Examining Accountant is promptly provided with all information, records and documents of the Debtor and explanations thereof and of any transactions of the Debtor which the Examining Accountant in his absolute discretion shall seek of officers, servants or agents of such Debtor and provide full and free access to such Debtor's records, accounts and other documents wheresoever situated; 10
- (iv) during the Moratorium give the Examining Accountant at least 48 hours notice of all meetings of directors of such Debtor, or committees or sub-committees thereof, ensure that all such meetings are held in the City of Sydney and that the Examining Accountant is permitted to attend and speak at such meetings and is provided with minutes of such meetings and a written report of all matters there discussed (whether or not he so attends) within two business days thereafter; 20
- (v) deposit for credit to its bank account (s) during the Moratorium (details of the location and number of which accounts have previously been given in writing to the Examining Accountant) at regular intervals and in any event not more than one business day after receipt, all monies, cheques, 30

bills of exchange and all other instruments
for the payment or credit of money to or for
such Debtor;

In the Supreme
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- (vi) forthwith appoint and ensure the appointment
of the Examining Accountant during the
Moratorium as a person authorised to make
enquiries of and be provided with details
of all transactions upon the bank accounts
of such Debtor by officers of the respective
banks;

No.5
Exhibit "A"
Copy of
Moratorium
Deed
14th February
1983

(continued)

10

- (vii) deliver to the Examining Accountant:
- (a) within two business days of the end
of each week during the Moratorium a
list of all cheques drawn on any bank
account of or by any person on behalf
of such Debtor,
- (b) within such time and in respect of
such period as the Examining
Accountant shall require during the
Moratorium, balance sheets, profit
and loss statements and cash flow
projections.

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- (viii) deliver to the Examining Accountant on or
before the last business day of each
calendar month or part thereof during the
Moratorium a report by such Debtor of its
progress in the realisation of its assets
for the purpose as stated in Clause 1A
hereof and in the discharge of its

In the Supreme
Court of
Victoria

No. 5
Exhibit "A"
Copy of
Moratorium
Deed
14th February
1983

(continued)

liabilities as referred to in the First
Schedule and Second Schedule hereto.
(ix) forthwith take all such action as is
necessary or as the Examining Accountant
shall require to make the Examining
Accountant a necessary signatory or
authority to the drawing of all cheques,
bills of exchange or other instruments, the
transfer or deemed transfer of monies or
to the creating, incurring or suffering to
be incurred of any liability whatsoever by
or on behalf of such Debtor, where any such
drawing, transfer, creating, incurring or
suffering to be incurred, would be for any
amount in excess of ten thousand dollars
or where it would mean during any calendar
month during the Moratorium such Debtor in
aggregate made any payments, transferred any
moneys, created, incurred or suffered to
be incurred any liabilities whatsoever in
aggregate in excess of any amount the
Examining Accountant shall have notified
from time to time in writing to such
Debtor.

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2. The Examining Accountant shall monitor on behalf of the
Creditors the due and punctual performance of the
provisions of this Deed by each Debtor who has appointed
an Examining Accountant and shall forward a monthly report
with respect to each of those Debtors to each of the

Creditors which said report shall include (by way of specification but not limitation) a report as to the Debtor's performance of its obligations as set out in Clause 1A herein and a report as to matters which the Examining Accountant considers should be brought to the attention of the Creditors. Each such report shall be forwarded no later than fourteen (14) days after the end of the period to which it relates.

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10 3. Each Debtor separately covenants with each of the Creditors to provide all information necessary for the Examining Accountant to make each report contemplated hereby within ten (10) days after the end of the relevant period referred to therein.

4.1 Each Debtor separately covenants with each Creditor to deliver a copy of all reports, accounts, circulars and other documents sent by such Debtor to its shareholders during the Moratorium, at the same time as sending such papers to its shareholders.

20 4.2 Each Debtor separately covenants with each Creditor to deliver unaudited balance sheets and profit and loss accounts together with detailed specification and explanation of all assets and liabilities set forth in such unaudited accounts in respect of such Debtor as at the end of and for each of the periods:

(a) July 1, 1982 to September 30, 1982;

(b) October 1, 1982 to December 31, 1982;

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- (c) January 1, 1983 to March 30, 1983;
- (d) April 1, 1983 to June 30, 1983;
- (e) July 1, 1983 to September 30, 1983;
- (f) October 1, 1983 to November 30, 1983;

within 30 days after the conclusion of each such period provided that each report for the period referred to in sub-clause 4.2 (a) shall be delivered within 30 days of the execution of this Deed.

5. During the Moratorium each Debtor which has appointed an Examining Accountant shall not without the prior written approval of the Examining Accountant, and each such Debtor hereby covenants with each Creditor without such approval not to:

- (a) create in favour of or grant to or for the benefit of any creditor or prospective creditor of such Debtor any form of security including but without limitation any mortgage, charge, lien, pledge, hypothecation or other encumbrance over or affecting any real or personal property of such Debtor in respect of the indebtedness or future indebtedness (actual or contingent) of such Debtor for any amount in excess of ten thousand Australian dollars (or the equivalent in any other currency) or in any calendar month any aggregate amount exceeding ten thousand dollars (or such equivalent) provided that the Debtor shall in any event not create in favour of or grant any such security to or for the benefit of any other Debtor, related corporation of a Debtor, Ganke, Tosio or Kippist,

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without the prior written consent of the Examining Accountant;

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- (b) give any guarantee or indemnity for any amount in excess of ten thousand Australian dollars (or the equivalent in any other currency) or in any month for any amounts exceeding in aggregate ten thousand dollars provided that the Debtor in any event shall not create or give any such guarantee or indemnity for the benefit of any other Debtor, related corporation of a Debtor, Ganke, Tosio or Kippist without the prior written consent of the Examining Accountant;

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10

- (c) enter into any agreement, deed or transaction or agree to the amendment, variation or waiver of any agreement deed or transaction or affix the company seal of the said Debtor to any of the same subsisting at the date of this Deed or created during the Moratorium for or affecting an amount in excess of ten thousand Australian dollars (or the equivalent in any other currency) or in any month enter into any such agreement, deed or transaction or make such agreement deed or transaction affecting in aggregate any amount in excess of such amount (or such equivalent) provided that no agreement deed or transaction shall without the prior written consent of the Examining Accountant be made or entered into with or on behalf of for

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the benefit of any other Debtor, related
corporation of a Debtor, Ganke, Tosio or Kippist;

- (d) permit or suffer the subordination or assignment
of any indebtedness owed or to become owing to such
Debtor during the Moratorium;
- (e) declare, pay or credit any dividend in favour of
or to a shareholder of the said Debtor whether out
of profits or reserves and whether or not declared
or provided for in the accounts before or during
the Moratorium.

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6. The Examining Accountant shall during the Moratorium:-

- (a) monitor the management of the business of each
Debtor who has appointed an Examining Accountant;
- (b) monitor the progress of each of the Debtors who
has appointed an Examining Accountant towards the
realisation of their respective assets for the
purpose of discharging their respective liabilities
to the Creditors;

(c) report forthwith to the Creditors:-

- (1) any default in the opinion of the Examining
Accountant by any Debtor in the observance
or performance of its covenants and
obligations herein contained;
- (2) any matter relating to any Debtor which the
Examining Accountant deems proper so to
report;

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- (d) comply with every direction given by all the
Creditors which is reasonable and proper having
regard to the objects of and provisions contained
in this Deed.

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(e) carry out the other functions and duties specified by this Deed to be carried out by him.

7. During the Moratorium each of the Creditors (subject in the case of FAR to the exception provided by Clause 21 hereof) undertakes and agrees with each of the Debtors that:

(i) it will not in relation to the whole or any portion of any debt set forth in the First Schedule or Second Schedule or any claim arising or alleged to have arisen against the Debtors or any of them with respect to any such debt:

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(a) take or concur in the taking of any step action application or legal proceedings to wind up the Debtors or any of them, voluntarily or otherwise, or to appoint an official manager, receiver, manager and receiver, liquidator (including a provisional liquidator) or inspector of the Debtors or any of them;

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(b) institute, prosecute or continue any proceedings whether at law or in equity or otherwise against the Debtors or any of them

(c) apply for the appointment of a receiver or manager of the assets (or any of them) of the Debtors or any of them; or

(d) take any further steps (including any step by way of legal or equitable execution) in any proceedings pending against the Debtors or any of them,

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and this Deed during the Moratorium may be pleaded as an

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absolute defence to any such step, action, proceedings or application.

(ii) (a) during the Moratorium the Securities shall be conclusively deemed to be valued at 15 cents per share ("the Deemed Valuation");
(b) if during the Moratorium it shall sell any or all of its Securities and the net amount per share received by such Creditor (being the sale price less stamp duty and brokerage) from the sale of any such Securities results in a shortfall as defined in sub-clause 7(ii)(c) (the "Shortfall") then such Creditor:

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(i) will not seek to recover the Shortfall from any Party to this Deed during the Moratorium or thereafter;
and

(ii) shall not be entitled to, nor shall it, prove as an unsecured creditor in respect of any liquidation of the relevant Debtor in respect of the Shortfall;

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(c) For the purposes of this Deed whether or not a Creditor has suffered a Shortfall on the realisation of any of its Securities shall be determined pursuant to the formula

$$S = (DV - NP) \times N$$

where

DV is the Deemed Valuation of the Security

N is the number of Securities sold by such
Creditor during the Moratorium

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NP is the average net amount per share
received by such Creditor (being the sale
price less stamp duty and brokerage) from
any sale of Securities by such Creditor
during the Moratorium.

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S is the Shortfall if S is positive.

- 10 (d) the indebtedness of a relevant Debtor to
such Creditor shall be deemed to be reduced
at the termination of the Moratorium by the
net amount per share received by such
Creditor (being the sale price less stamp
duty and brokerage) from any sale of
Securities by such Creditor during the
Moratorium and any Shortfall determined
pursuant to sub-clause 7(ii)(c)

20 The provisions of this sub-clause 7 (ii) shall be
deemed to be for the benefit of the Creditors and
each of them (other than FAI and FAR) and for the
relevant Debtor.

8. Each of the Creditors agrees with each of the Debtors that
they shall seek to procure that the companies and persons
set out in the Third Schedule hereto become parties to
this Deed or any other deed which the parties may sign
replacing this Deed.
9. FAR agrees that before selling any of the security
referred to in the Second Schedule or authorising any such
realisation it will give each other Creditor not less than

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(continued)

48 hours notice of such proposed realisation.

Each of the Debtors acknowledges:

(i) to each of Offshore and Aureole that is is indebted in the amounts set out opposite its name in the First Schedule to the party therein specified and that such indebtedness is unconditionally repayable by such Creditor on demand and shall bear interest at the rate of 16% per annum from the 30th November, 1982 except in the case of the indebtedness of each of Acron, Fiji, and Nadi Bay which shall bear interest at the rate referred to in the mortgage documents contemplated by Clause 20.

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(ii) to FAR that its indebtedness as set forth in the Second Schedule is now repayable in full.

10.2 With respect to each debt details of which are set forth in the First Schedule, the Creditor with respect to each debt covenants with the respective Debtor that during the Moratorium such Creditor shall not demand repayment of such debt.

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11.1 Each of Ganke, Kippist and Tosio covenants with each of the Creditors that he will resign as directors of Offshore effective as at the date hereof without any claim for compensation for loss of office other than their right to receive directors fees accrued to such date.

11.2 In consideration of the agreements of the Creditors herein contained each of Ganke, Kippist and Tosio covenants with each of the Creditors that he will not during the Moratorium stand as a director of Offshore at the Annual General Meeting called for 3 December 1982 and he will not

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consent to any nomination or appointment or seek in any way to be appointed as a director or officer of Offshore during the Moratorium and that he will not join or assist in the requisition of any meeting of shareholders of Offshore for the purpose of seeking election as a director of Offshore or in the removal of any existing director thereof.

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(continued)

- 10 12. Offshore agrees that it will file notice of discontinuance of Equity Division proceedings No. 3521 of 1982 in the Supreme Court of New South Wales against L.J. Adler and others, each party to such proceedings hereby agreeing in any event not to seek any costs from the Plaintiff or Defendants therein.
13. FAI, FAR and Metropolitan agree that each of them will file notice of discontinuance of proceedings No. 1699 of 1982 in the Supreme Court of the Australian Capital Territory against Offshore and others and Offshore agrees to pay the sum of \$70,000 towards the costs of the Plaintiff in the said proceedings and those referred to in the immediately preceding clause. The parties agree no order for costs shall otherwise be sought by any party hereto in relation to such proceedings.
- 20 14. Ganke agrees that he will file notice of discontinuance of proceedings No. 1796 of 1982 in the Supreme Court of the Australian Capital Territory against Offshore and Metropolitan and the parties to those proceedings hereby agree to an order for costs in favour of Offshore in the amount of \$4,500 and Metropolitan in the amount of \$5,000 respectively.
- 30 15. FAR agrees that it will file notice of discontinuance of

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Equity Division proceedings 3880 of 1982 in the Supreme Court of New South Wales against Chapmans on the basis that Chapmans will and it hereby consents to an order that it pay FAR's costs assessed and agreed in the amount of \$2,400.

(continued)

16. FAR agrees that it will file notice of discontinuance of proceedings No. 87 of 1982 in the Supreme Court of Queensland against Alexanders Securities on the basis that Alexanders will and it hereby consents to an order that it pay FAR's costs assessed and agreed in the amount of \$2,400. 10
17. During the Moratorium Boris Andrew Ganke shall not without the approval in writing of the Examining Accountant, sell, assign, charge, mortgage, transfer or otherwise dispose of any shares in the Debtors or Offshore beneficially owned or controlled (whether jointly or otherwise) by him.
18. (1) In relation to the proceedings referred to in Clauses 12, 13 and 14 it is agreed by each of the parties to those proceedings that they will not institute, support or in any way assist any further proceedings in relation to the subject matter of those proceedings; 20
(2) In relation to the proceedings referred to in Clauses 14, 15 and 16 the costs payable by the relevant parties shall be paid within one day of the date of this Deed.
19. Within fourteen (14) days of delivery of mortgage documents Nadi Bay shall execute or cause to be executed by the appropriate party or registered proprietor as the case may be a mortgage in favour of Offshore and Aureole

over the property referred to in the Fourth Schedule and on the terms and conditions set out therein and containing such other terms and conditions as the solicitors for Offshore shall require including a provision that the relevant mortgagor shall commence from the date of the mortgage and thereafter continue with due diligence to realise the land the subject of the mortgage. The mortgage shall secure all indebtedness of Nadi Bay and Acron Pacific to Aureole and Offshore respectively. Nadi Bay shall on the date of this Deed appoint the Examining Accountant to execute the mortgage documents on its behalf.

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20. The parties and each of them declare and agree with each other that no provision of this Deed shall in any way operate as a waiver, compromise, alteration or extinction of any of the rights, powers and authorities which subsist in such party pursuant to the terms of existing agreements or deeds to which it is a party other than pursuant to clause 7 (ii) and the parties agree with each other and declare that no provision of this Deed shall be pleaded or raised in any manner against any party following expiration or determination of the Moratorium, as a defence or counter to any claim other than in response to any claim by FAR following a Shortfall on realisation of securities pursuant to Clause 7 hereof.

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Without limiting the generality of the foregoing each of Chapmans and Alexanders Securities agrees with and acknowledges to FAR that FAR may hereafter while such Debtor remains in default to FAR exercise all its rights powers and authorities conferred by the respective deed pursuant to which the Securities were mortgaged in favour of FAR.

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(continued)

21. Each of the parties declares and agrees with FAR that no provision of this Deed shall in any way affect or interfere with or be raised as a defence or counter to any of the rights, powers and authorities contained in or arising by virtue of a memorandum of mortgage between Chapmans and FAR, registered No. T237939.

22. If during the Moratorium the Examining Accountant in his absolute opinion considers that:

(a) the interests of the Creditors could be prejudiced by compliance by any Debtor with this Deed;

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(b) any Debtor is not observing or fulfilling any of the covenants or agreements herein contained on its part to be observed and fulfilled;

(c) without affecting the generality of sub-clause 22 (b) above any Debtor is not having regard to the provisions of Clause 1A hereof making sufficient progress in the discharge of its indebtedness to the Creditors as referred to herein including the realisation of its assets during the Moratorium so as to discharge such indebtedness.

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the Examining Accountant will deliver that opinion and the reasons therefor and any proposals consequent upon such opinion to the Creditors. Any Creditor may within seven (7) days after receipt of an opinion pursuant to this clause give notice of termination of the Moratorium to the Debtors. No party to this Deed shall challenge or contest on any account an opinion formed by the Examining Accountant.

23. The remuneration of the Examining Accountant shall be a sum equal to the charges of the firm of Chartered

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Accountants of which he is a partner, calculated on the basis of the time spent by the Examining Accountant, his partners and staff from time to time in connection with their activities hereunder in respect of each Debtor and calculated at the rates normally charged for work of a like nature and the Examining Accountant shall be entitled to be paid by each Debtor his remuneration monthly out of any of the bank account or accounts of such Debtor and any part of such sum not paid or recovered from such accounts shall be borne by the Creditors in such proportions as they in their absolute discretion determine.

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(continued)

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24. Each Debtor shall pay the legal, accounting and other costs incurred by or on behalf of the Examining Accountant appointed by it and also those incurred individually by or on behalf of each such Creditor in enforcing this Deed.

25. The Examining Accountant in exercising his powers and carrying out his duties under this Deed shall be, and shall be deemed to be, the agent of the relevant Debtor.

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26. The Examining Accountant shall not be liable for any loss or damage to the Debtors or any of them caused by any act, opinion, decision, default or omission occurring during his period of appointment except where this is due to wilful misconduct or bad faith and he shall be indemnified by the Creditors and each of them severally against all liabilities, claims, costs and demands whatsoever arising out of any act, opinion, decision, default or omission as aforesaid.

27. The Parties declare and agree that no action or failure to act shall constitute on the part of the Examining

Accountant or a Creditor any waiver or compromise of any of the rights or powers of such person or party conferred herein or otherwise.

28. Each Party will not (except to a related corporation, where required by law, for the purpose of seeking advice, for the purpose of enforcing its rights, or for any other purpose approved by the Examining Accountant) disclose to any person not a party to this Deed any information disclosed or provided to it by any other party to this Deed of a confidential or proprietary nature save and except information which is a matter of public knowledge, or information already known or disclosed to such party which was not disclosed to it by a party to this Deed.

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29. Upon the happening of any one or more of the following events the Moratorium shall terminate:-

- (a) if the indebtedness of the Debtors to the Creditors shall be discharged in full;
- (b) if any Creditor shall give notice to the Debtors pursuant to Clause 22;
- (c) if any Debtor fails to observe or comply with any provision of this Deed;
- (d) if a liquidator (including a provisional liquidator) receiver, receiver and manager, official manager or inspector is appointed to any Debtor, or court process for the appointment of any of the same is commenced and not stayed within ten (10) days of the commencement of the same or a resolution is passed for the winding up or dissolution without winding up of any Debtor;
- (e) the passing of a resolution in respect of any Debtor pursuant to section 114 of the Companies (New South Wales) Code (or the equivalent thereof under the law of any other

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Australian state or territory or the law of Fiji as may be relevant) or if any Debtor reduces its share capital or attempts to do so;

- (f) if any Debtor without the written consent of the Examining Accountant ceases or threatens to cease to carry on its business or any part thereof as now conducted;
- (g) if any distress or execution is issued or levied against any Debtor for an amount not less than \$10,000 which is not satisfied or stayed within 14 days of the commencement of the same;
- (h) if any proceedings are commenced and not stayed within thirty (30) days of the commencement of the same to invalidate or void this Deed;
- (i) if any Debtor suspends payments to its creditors or any class thereof;
- (j) if the shareholders of any of the Debtors shall not pass the resolutions set out in clause 31.

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30. Clauses 7 (ii), 10, 11.1, 12 to 17 inclusive, 18 to 21 inclusive, 23, 24, 26, 27, 34 and 35 shall survive the termination of this Deed and shall be binding upon and enure to the benefit of each party hereto and its successors.

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31. By not later than 20th January 1983 each of the Debtors other than Gulf shall hold a meeting of its shareholders to pass resolutions:-

- (a) to approve and ratify the execution of this Deed by such Debtor;
- (b) to approve and ratify the appointment by such Debtor of the Examining Accountant pursuant to and on the terms of this Deed;
- (c) to resolve that during the period of the Moratorium (as defined in this Deed) the business and affairs of the said Debtor shall be conducted pursuant to the terms of this Deed.

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(continued)

32. The form of the resolution and the accompanying notice of meeting to the shareholders contemplated by Clause 31 shall be approved prior to despatch to the relevant shareholders by the Solicitors for the Examining Accountant. Ganke, Kippist and Tosio agree that they will vote in favour of the resolutions and use their best endeavours to cause any company of which they are a director to vote in favour of the resolutions.

33. Any notice or document which is required by this Deed to be given to a party (other than to the Debtors) shall be deemed to be duly given if the same is (a) signed on behalf of the party delivering such notice or document by a Director Secretary, general manager or executive officer thereof, or if the party is an individual such individual and (b) delivered (other than in the use of a notice or document delivered to the Debtors) at its registered office or principal office (as the case may be) in the State of New South Wales or in the case of any Debtor delivered to the Debtor at 9th Floor, 82 Elizabeth Street, Sydney in the State of New South Wales. 10

34. The Debtors and Offshore covenant and agree that all management agreements existing between any of such Debtor and Offshore are hereby terminated and that each of the Debtors hereby irrevocably and forever renounces any claims against Offshore accrued or accruing under or in connection with any such agreement. Each of the Debtors, Ganke and Kippist represents and warrants to each of the Creditors that apart from Corporate Computer Services Pty. Limited it or he is not party to nor is he aware of any corporation or person with whom he or it is associated in any way which is party to any contract, agreement or arrangement with, or otherwise entitled to any remuneration, emoluments or other benefits from, Offshore or Aureole and each of the Debtors, 20 30

Ganke, Kippist and Tosio hereby indemnify Offshore and Aureole in relation to any payment it is hereafter obliged to make or liability it incurs in relation to any such existing contract, agreement or arrangement or other entitlement of such party.

35. The parties acknowledge that while this Deed is intended to be binding and enforceable upon them they may prepare a further deed which incorporates the provisions of this Deed and such other provisions as it may seem expedient for them to include.
37. The Examining Accountant may from time to time extend the time for doing any matter or thing provided for by this Deed as he shall reasonably think fit.

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THE FIRST SCHEDULE

(continued)

<u>The Debtors</u>	<u>Amount Owing</u> <u>as at 30.11.82</u>	<u>Creditor</u>
Alexanders Corporation Ltd.	\$ 33,460	Offshore
Brinds Ltd.	\$3,513,236	Offshore
Acron Pacific Ltd.	\$ 802,140	Offshore
Investment Corporation of Fiji Ltd.	\$ 871,927	Offshore
Hallmark Minerals NL	\$2,000,000	Offshore
Bonds and Securities (Trading) Pty. Ltd.	\$ 796,765	Offshore
Gulf Resources NL	\$ 400,576	Offshore
Nadi Bay Beach Corporation Limited	\$2,577,605	Aureole

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THE SECOND SCHEDULE

(continued)

<u>Company</u>	<u>Amount Owing and Date at which Quantified)</u>	<u>Security</u>
Chapmans Limited	\$347,429.73 (8.10.82)	3,400,000 shares in Offshore Oil
Alexanders Securities Limited	\$510,312.90 (7.10.82)	5,000,000 shares in Offshore Oil

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THE THIRD SCHEDULE

(continued)

Secured Creditors

Jackson Graham Moore and Partners (a Partnership)

Martin Corporation Limited

Mercantile Mutual Holdings Limited

Milton Corporation Limited

THE FOURTH SCHEDULE

(continued)


- (1) Property :
Any freehold, leasehold or other land or other title or tenure whatsoever in Fiji which Nadi Bay Beach Corporation Limited or Acron Pacific Limited or any corporation related to any of them may own or have any beneficial interest in whatsoever or on any account.
- (2) Term: Principal sum to be repayable on 31 December, 1985
- (3) Interest Rate: the maximum rate permitted by the Fijian Money Lenders Act but in no event greater than 14% per annum.
Interest to be paid (without compounding) on the 31st December 1985.

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Court of
Victoria

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1983 (cont'd)

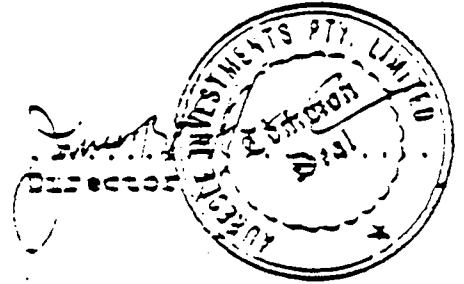
THE COMMON SEAL of OFFSHORE OIL
N.L. was hereunto affixed in
the presence of:

.....
Secretary


.....
Director

THE COMMON SEAL of AIRSOLE
INVESTMENTS PTY. LIMITED was
hereunto affixed in the presence
of:

.....
Secretary



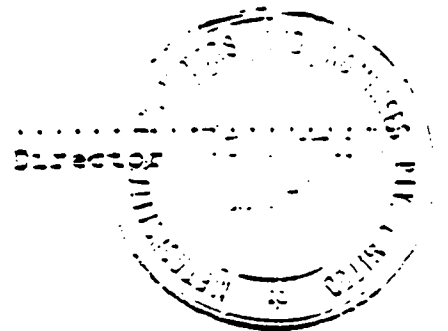
THE COMMON SEAL of FAI INSURANCES
LIMITED was hereunto affixed in
the presence of:

.....
Secretary

.....
Director

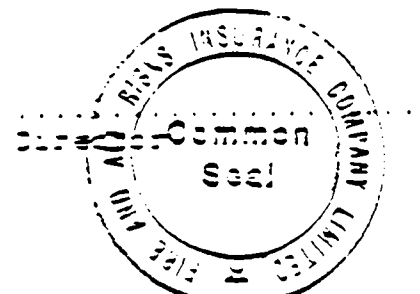
THE COMMON SEAL of METROPOLITAN
EXECUTORS AND NOMINEES PTY. LIMITED
was hereunto affixed in the
presence of:

.....
Secretary



THE COMMON SEAL of FIRE AND ALL
RISKS INSURANCE LIMITED was
hereunto affixed in the presence
of:

.....
Secretary



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1983

(continued)

THE COMMON SEAL OF BRINDS LIMITED
was herewith affixed in
the presence of:

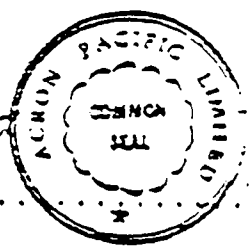
[Signature]
.....
Secretary

[Signature]
.....
Director

THE COMMON SEAL OF ACRON PACIFIC LIMITED
was herewith affixed in
the presence of:

[Signature]
.....
Secretary

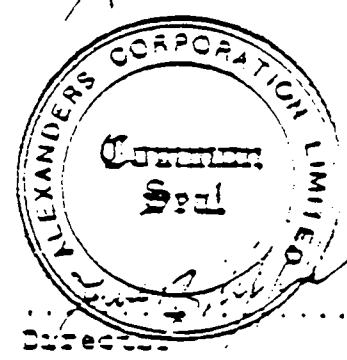
[Signature]
.....
Director



THE COMMON SEAL OF ALEXANDERS CORPORATION LIMITED
was herewith affixed in the
presence of:

[Signature]
.....
Secretary

[Signature]
.....
Director



THE COMMON SEAL OF ALEXANDERS SECURITIES LIMITED
was herewith affixed in the presence of:

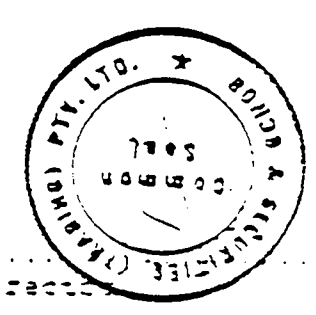
[Signature]
.....
Secretary

[Signature]
.....
Director

THE COMMON SEAL OF BONDS AND SECURITIES (TRADING) PTY. LTD.
was herewith affixed in the presence of:

[Signature]
.....
Secretary

[Signature]
.....
Director



In the Supreme
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Victoria

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Moratorium
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1983 (con'td)

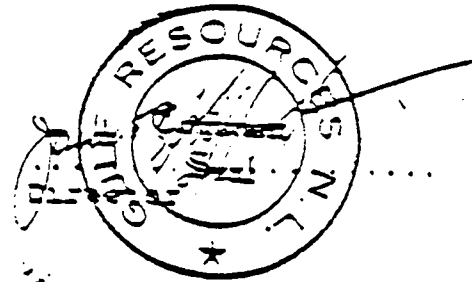
THE COMMON SEAL OF CHAPMANS LIMITED
was heretofore affixed in
the presence of:

.....
Secretary

James [unclear]
.....
Director

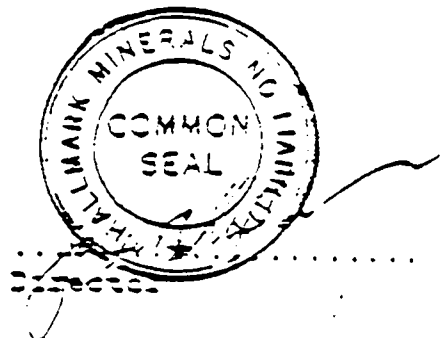
THE COMMON SEAL OF GULF RESOURCES
N.L. was heretofore affixed in the
presence of:

.....
Secretary



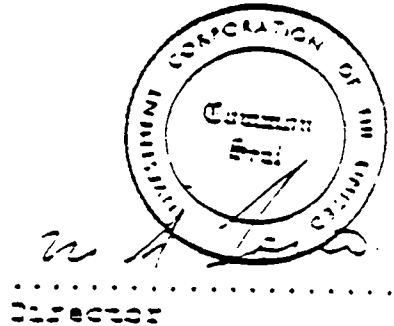
THE COMMON SEAL OF BAYMARK
MINERALS N.L. was heretofore affixed
in the presence of:

.....
Secretary



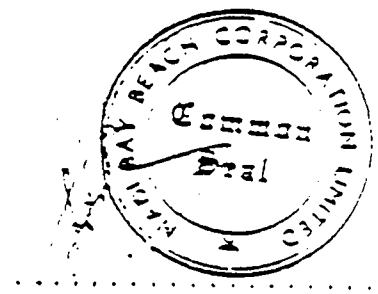
THE COMMON SEAL OF INVESTMENT
CORPORATION OF FIJI LIMITED
was heretofore affixed in the
presence of:

.....
Secretary



THE COMMON SEAL OF WOOD BAY BEACH
CORPORATION LIMITED was
heretofore affixed in the presence
of:

.....
Secretary



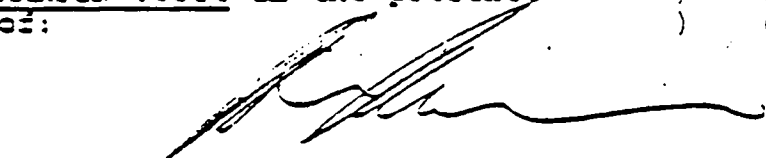
No.5
Exhibit "A"
Copy of
Moratorium
Deed
14th February
1983

(continued)

SIGNED SEALED AND DELIVERED by)
BORIS ANDREW GANKE in the presence)
of:)



SIGNED SEALED AND DELIVERED by)
MARTIN TOSIO in the presence)
of:)



SIGNED SEALED AND DELIVERED by)
JAMES KERRIST in the presence)
of:)



SIGNED SEALED AND DELIVERED by)
ALEXANDER R.M. MACINTOSH in the)
presence of:)



M.A. Lewis

James Kerrist

Alexander R.M. MacIntosh

No.6

EXHIBIT "B"
COPY OF OPINION FORMED BY MACINTOSH

This is the Exhibit marked with the letter "B" produced and shown to ALEXANDER ROBERT MACKAY MACINTOSH at the time of swearing his Affidavit.

SWORN the 14th day of February, 1983.



Peat, Marwick, Mitchell & Co
CHARTERED ACCOUNTANTS

Tower Building, Australia Square,
SYDNEY, N.S.W. 2000
Telephone: (02) 239-7444
Telex: 22482 PEATSYP
Post Office Box: H67 Aust. Square
Document Exchange: DX1056, Sydney

10th February, 1983.

Our Ref. 17/EY

The Chairman,
Offshore Oil N.L.,
Aureole Investments Pty. Limited,
FAI Insurances Limited,
Fire & All Risks Insurance Company Limited,
185 Macquarie Street,
SYDNEY. N.S.W. 2000

Dear Sir,

10 MORATORIUM DEED DATED 25TH NOVEMBER, 1982 BETWEEN
OFFSHORE, AUREOLE, FAI, FAR (CREDITORS) AND BRINDS LIMITED AND
VARIOUS OTHER COMPANIES DESCRIBED IN THE DEED AS "THE DEBTORS"

As provided for in Clause 22 of the said deed, I have formed the opinion
that:-

- (a) The interest of the creditors could be prejudiced by compliance by
any debtor with this deed.
- (b) Brinds Limited and the other debtor companies have not observed the
following covenants contained in the deed:-

- 20 - The debtors have failed to provide all of the accounts required by
Clauses 4.2(a) and (b) within the prescribed time or the time given
in the extensions granted. Failure to comply with the terms of this
covenant is the most important single failure on the part of the
debtors in that without complete and accurate details of the debtors'
assets and liabilities, I cannot effectively monitor any proposal to
ensure that the aims and objects of the deed, particularly as set out
in Clause 1A are being complied with.
- The debtor companies have not within the prescribed time required by
Clause 13(vii)(a), provided me with a weekly list of all cheques drawn
on any bank account for the period to 29th January, 1983.
- 30 - The debtor companies have not within the prescribed time pursuant to
Clause 13(viii) submitted a report for the months of December, 1982
and January, 1983 on the progress in the realisation of their assets and
in the discharge of their liabilities. In respect of the December, 1982
report, a request was made for this information to be received by 21st
January, 1983, however it was not received until 27th January, 1983.

/2

MEMBER PARTNERS: George H. Bennett James S. Cuminy John W. Bradshaw Geoffrey W. Kellener Granam O. Stanford
Graeme L. Herring Robert A. Lamond John H. Cherry Adrian Scarra Anthony J. Clark Norman P. Craig Brian Gray
John H. Richardson Geoffrey S. Bray Alexander R. Macintosh Malcolm H. McLean Keith M. Allen Peter W. Truda
John S. Brown Peter J. Done Peter R. Thomas Adrian J. Firmstone Graeme K. Bailey Donald F. Findlater
Philip E. Henry Larry A. Smith Ronald J. Switzer

In the Supreme
Court of
Victoria

No.6
Exhibit "B"
Copy of Opinion
formed by
Macintosh
14th February
1983
(continued)

- On 12th January, 1983 the directors of Brinds Limited affixed the company seal to a transfer of 3,668,148 Southern Cross N.L. shares to Jackson Graham Moore and Partners without notifying me or obtaining my approval. This is in breach of Clause 13(11) of the deed.
- The debtor companies (with the exception of Hallmark Minerals N.L. which is exempted) have not complied with the provisions of Clause 31 and have failed to hold a meeting of their shareholders by 20th January, 1983. The companies concerned applied for an extension of time which was refused but due to timing requirements it was suggested in my letter to Mr. Ganke dated 12th January, 1983 that these meetings be held no later than 4th February, 1983. This date has passed and the companies have not held the required meetings.

10

- (c) Brinds Limited is not having regard to the provisions of Clause 1A of the deed in making sufficient progress in progressively discharging during the moratorium its liabilities to its creditors including the realisation or re-financing of its assets and is not carrying out the realisation or re-financing of such assets with expedition and diligence so as to discharge its indebtedness to its creditors.

My reasons for forming the opinions in (a) and (c) above are:-

20

- As to (a), officers of the debtor companies have advised and my calculations show that, after bringing income to account, the debtor companies collectively need cash funds of approximately \$1,160,000, including \$718,000 for interest on secured loans not covered by the moratorium, to pay overhead expenses and maintain the status quo in relation to borrowings secured over the debtor companies' assets.

The only source of cash funds available to the debtor companies to meet these expenses is from the sale or re-financing of their assets. It is my opinion that the sale or re-financing of such assets and the application of the funds so generated to pay overhead expenses (in effect to fund losses) will reduce the assets available to pay the creditors unless the value of the assets not sold or re-financed increases by an amount in excess of \$1,160,000 in the moratorium period. In the current economic climate and uncertain stock market conditions, particularly as it is affecting the debtor group's assets, this is in my opinion unlikely. Additionally, interest on debts bound by the moratorium is accruing at a rate of \$2,119,000 per annum.

30

- As to (c), firstly, I annex correspondence with various of the debtor companies which proposes various plans to deal with their assets. For the reasons stated in my letters to the debtor companies concerned, the plans referred to demonstrate an unwillingness to comply with Clause 1A of the deed and displays a lack of sensible commercial practice.

40

Secondly, Brinds Limited as the owner of the debtor companies' shareholding in Chapmans Limited and Alexanders Securities Limited, through its Chief Executive, Mr. Boris Andrew Ganke, is in a position to effect a sale of the said shares in Chapmans Limited and Alexanders Securities Limited. I have been advised by representatives of Messrs. Jackson Graham Moore and Partners and Martin Corporation Limited, both of whom are creditors of the debtor companies and who hold shares in Chapmans Limited and Alexanders Securities Limited as security for the monies owed by the debtors, who are keen to realise their security, that Brinds and Boris Andrew Ganke are not

adopting a co-operative attitude to sale proposals advanced by them and prospective buyers. It is my experience in discussing the sale of these shares with Mr. Ganka in his capacity as Chief Executive of Brinds Limited, notwithstanding that advertisements have been placed in the financial press that the said Ganka and Brinds are not carrying out the realisation or re-financing of such assets with expedition and diligence.

Yours faithfully,



A.R.M. MACINTOSH,
(Examining Accountant).

In the Supreme
Court of Victoria

No.7

Exhibit "C"
Copy of figures
prepared by
Martin Tosio
14th February
1983

No.7

EXHIBIT "C"
COPY OF FIGURES PREPARED BY
MARTIN TOSIO

This is the Exhibit marked with the letter "C" produced and shown
to ALEXANDER ROBERT MACKAY MACINTOSH at the time of swearing his
Affidavit.

SWORN the 14th day of February, 1983.

BALANCES - Cash & Loan Projections to June 1983
 January February March April May June

Total

July

any funds

any funds

	1000	1000	1000	1000	1000	1000	1000
contant	1000	1000	1000	1000	1000	1000	1000
intensity	700	700	700	700	700	700	700
fees							
general bill board			7000			7000	6000
country	600			600		17000	17000
airment	1000	900	1000	1000	1000	1000	1000
mail	1000	1000	1000	1000	1000	1000	6000
agency	700	700	700	700	700	500	1000
blabon	500	500	500	500	500	500	1000
age	400	400	400	400	400	400	1400
of loans	1100	1100	1100	1100	1100	1100	8140
books							
double	10100	10100	10100	10100	10100	10100	6110
to board	1100	1100	1100	1100	1100	1100	5900
pay & board			70			70	100
board	1000	1000	1000	1000	1000	1000	2000
	2000	2000	2000	2000	2000	2000	2000
	1000	1000	1000	1000	1000	1000	1000
Total	22000	22000	22000	22000	22000	22000	22000

(continued)

No. 7
 Exhibit "C"
 Copy of figures
 prepared by
 Martin Tosio
 14th February
 1983

In the Supreme
 Court of
 Victoria

In the
Supreme
Court of
Victoria

No.7
Exhibit "C"
Copy of
figures
prepared by
Martin Tosio
14th
February
1983
(continued)

Clayton

July

July

Bank of Montreal Inspection to June 1983

Bank of Montreal

309320	(51527)	251792
--------	---------	--------

4200
1069
22758
37806
113,250
8,000
2000

18600
4794

5428

1204	(908)	(908)	52973
4304	54312	(908)	33958
5294	115,224	(908)	52973

700
55
3793
6251
28275
4000
1200

5100
845

9088

700
55
3793
6251
28275
4000
1200

5100
845

9088

700
55
3793
6251
28275
4000
1200

1750

676

9027

700
55
3793
6251
28275
4000
1200

5100

9027

700
55
3793
6251
28275
4000
1200

676

9027

700
55
3793
6251
28275
4000
1200

1250

676

908

4254
4354
4304
4304
4304
4304
4304

Reserve funds
1982 Account

Reserve funds

Reserve funds (continued)

Reserve funds

Reserve funds

Reserve funds

Reserve funds

Reserve funds

Reserve funds

Reserve funds

Reserve funds

Reserve funds

Reserve funds

In the
Supreme
Court of
Victoria

No. 7

Exhibit "C"

Copy of
figures

prepared by
Martin Tosio

14th February
1983

(continued)

9-2

1870

1870

*8, A17 - Cash Flow Projection to June 1985
James, John, Michael, Cyril, Murray, Jim.*

0274

6220

James, John

Michael, Cyril

James, John, Michael, Cyril, Murray, Jim

No.8

In the Supreme
Court of Victoria

EXHIBIT "D"
SUMMARY OF THOSE FIGURES
PREPARED BY CHARLES FEAR

No.8
Exhibit "D"
Summary of those
figures prepared
by Charles Fear
14th February
1983

This is the Exhibit marked with the letter "D" produced and shown
to ALEXANDER ROBERT MACKAY MACINTOSH at the time of swearing his
Affidavit.

SWORN the 14th day of February, 1983.

SUMMARY OF MORATORIUM COMPANIES NET CASH OUTFLOWS - SIX MONTHS ENDED 30TH JUNE, 1983

COMPANY	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	TOTAL FOR 6 MONTHS
	\$	\$	\$	\$	\$	\$	\$
Alexanders Securities Limited	7,917	450	200	7,440	450	1,200	17,657
Chapmans Limited	34,457	43,974	44,206	45,224	33,958	52,973	254,792
Trinds Limited	33,000	33,130	87,550	33,730	32,800	87,880	308,090
IST	-	4,420	-	-	4,420	-	8,840
TOTAL	\$75,374	\$81,974	\$131,956	\$86,394	\$71,628	\$142,053	\$589,379

NOTE 1 Net cash outflow represents actual anticipated cash outflow for day to day operating expenses (net of rents received by Chapmans Limited) and interest on non-moratorium loans. It does not include interest on moratorium loans and interest payable or receivable on "intergroup" loans.

NOTE 2 This cash flow has been prepared on the basis that no funding will be required for moratorium subsidiaries. Votualalal limited and Tasman Spirits Company which are break'ing even and are self funding.

No. 10

In the Supreme
Court of
Victoria

EXHIBIT "F"
BUNDLE OF CORRESPONDENCE BETWEEN GANKE
AND MACINTOSH CONCERNING SHARES HELD BY
BRINDS IN SOUTHERN CROSS EXPLORATION N.L.

No.10
Exhibit "F"
Bundle of
correspon-
dence
between Ganke
and MacIntosh
concerning
shares held
by Brinds
in Southern
Cross
Exploration
N.L.
14th February
1983

This is the exhibit marked with the letter "F" produced and shown
to ALEXANDER ROBERT MACKAY MACINTOSH at the time of swearing his
affidavit.

SWORN this 14th day of February 1983.

In the Supreme
Court of
Victoria

BRINDS LIMITED

GROUP OF COMPANIES

INCORPORATED IN VICTORIA

SYDNEY OFFICE:
82 ELIZABETH STREET, SYDNEY
PHONE: 233 4022

CABLES: "INVESTINAUST" SYDNEY
TELEX: AA22292

PLEASE ADDRESS ALL CORRESPONDENCE TO BOX 4246 GPO SYDNEY NSW 2001

No.10
Exhibit "F"
Bundle of
Correspondence
between Ganke
and Macintosh
concerning
shares held
by Brinds in
Southern Cross
Exploration
N.L.

14th February
1983

18th January 1983

Peat Marwick Mitchell & Co
31st Level
Australia Square
Sydney NSW 2000

Attention Mr A R M Macintosh

(continued)

Dear Mr Macintosh

Re Call on Southern Cross Exploration N L Shares

As you are aware, this company and associated companies - which are
debtor companies under the Deed - hold among their assets approx. 10
20,000,000 contributing shares in Southern Cross Exploration N L.

A call of five cents per share has been made but not yet paid.

Your permission to make payments as funds become available from
sales of other shares and/or assets is hereby sought.

The investment is in our books at approx. \$1 million and the potential
of this company represent a major asset which will assist in paying
creditors over the next few months. 20

It is therefore essential to pay the call on the contributing shares
otherwise the shares will be lost and so will our total investment
in that company.

Your approval of these payments will be very much appreciated.

Yours sincerely

Brinds Limited

B. Ganke

-ks/945.109

copy

DELIVERED

27 JAN 1983	
FILE	
DESTROY	

In the Supreme Court of Victoria

No.10 Exhibit "F" Bundle of Correspondence between Ganke and Macintosh concerning shares held by Brinds in Southern Cross Exploration N.L. 14th February 1983 (continued)

17/EY

25th January, 1983.

Mr. B.A. Ganke, Chairman, Brinds Limited, 82 Elizabeth Street, SYDNEY. N.S.W. 2000

Dear Mr. Ganke,

MORATORIUM AGREEMENT AND THE POSSIBLE PURCHASE OF SHARES IN SOUTHERN CROSS EXPLORATION N.L.

10

I refer to your letter dated 18th January, 1983 and to the meeting held on 21st January, 1983. I am aware that various of the debtor companies own nearly 20 million contributing shares in Southern Cross Exploration N.L. (Southern Cross) and I understand that some of these shares have been pledged to various creditors of the group. Details of the Southern Cross shareholdings are set out on the attached schedule. I am also aware that Southern Cross has made a call of five cents on these shares and that auctions of forfeited shares have been advertised but postponed.

20

I am also aware that Fira & All Risks Insurance Company Limited has taken out a summons in the Supreme Court of N.S.W. in Equity to have Southern Cross wound up for failure to pay a debt due and that Southern Cross is in default in payment of its contributions to the West Barrow Joint Venture for \$1,184,467. There is therefore a very grave risk that Southern Cross may be defaulted out of the Joint Venture and as I understand it, the company's interest in this Joint Venture is probably its principal asset.

30

Southern Cross shares are currently quoted on the Mining Board of the Sydney Stock Exchange for the 15 cent contributing shares at nine cents last sale and seven cents buyer. In your letter you state that the investment in Southern Cross represents a potential major asset which will be available after the investment of a further \$1 million for the purpose of paying creditors. It has been suggested by you that subscription of the call monies will enable Southern Cross to rectify its default to the Joint Venture and/or repay FAI and thus become both solvent and viable. Without the benefits of a balance sheet and cash flow projections, I cannot agree to speculate as to Southern Cross' prospects, particularly with the eminent uncertainties surrounding the West Barrow Joint Venture farm in prospects and permit renewal.

In the Supreme Court of Victoria

No.10

Exhibit "F" Bundle of Correspondence
between Ganke and Macintosh concerning
shares held by Brinds in Southern Cross N.L.
14th February 1983 (continued)

I would also respectfully draw your attention to Clause 1(A) of the Moratorium Deed which clearly states that during the moratorium, the company and its associated companies will progressively discharge its liabilities by selling or re-financing its assets with expedition and diligence. The transaction that you are proposing certainly does not comply with that object.

In view of the foregoing, it seems to me that the only circumstances in which you could contemplate subscribing to a call on Southern Cross shares would be pursuant to an agreement which provided for a concurrent sale at a reasonable profit margin or for a "joint venture" party to subscribe the call provided that such a party was fully conversant with all of the relevant facts.

Accordingly, I advise that I cannot consent to allow Brinds to pay the call on the Southern Cross shares on the basis set out in your letter.

Yours sincerely,

A.R.M. MACINTOSH.

In the Supreme Court of Victoria

No.10

Exhibit "F" Bundle of Correspondence
between Ganke and Macintosh concerning
shares held by Brinds in Southern Cross N.L.
14th February 1983 (continued)

26 JAN 1983	
BG	✓
MT	cc
FILE	
DESTROY	

DATE: 26 JANUARY, 1983.

OUR CODE: 12567

ATTN: BORIS GANKE

RE: BRINDS MORATORIUM

10 MY REPLY TO YOUR LETTER DATED 18/1/83 REQUESTING APPROVAL TO PAY THE CALL ON APPROX. 20 MILLION SOUTHERN CROSS SHARES ADVISES THAT I WOULD NOT CONSENT TO ALLOW THE MORATORIUM COMPANIES TO PAY THE CALL. THE ONLY CIRCUMSTANCES IN WHICH YOU COULD CONTEMPLATE SUBSCRIBING TO THE CALL WOULD BE PURSUANT TO AN AGREEMENT WHICH PROVIDED FOR THE CONCURRENT SALE OF THE SHARES AT A REASONABLE PROFIT MARGIN.

I UNDERSTAND THAT MARTIN CORP. HAVE PUT UP A PROPOSAL WHEREBY MESSRS. GOLDBERG AND WISE ARE PREPARED TO ACQUIRE SOUTHERN CROSS SHARES TOTALLING APPROX. 13 MILLION LODGED AS SECURITY WITH MARTIN CORP. AND JACKSONS AT 8 CENTS EACH "CALL PAID" AND THAT YOU WILL BE ABLE TO AVAIL YOURSELF OF THE SAME PRICE IN RESPECT OF THE REMAINING 7 MILLION UNENCUMBERED SHARES.

20 THIS ARRANGEMENT SHOULD REALISE THE MORATORIUM COMPANIES APPROX. \$600,000 OF WHICH APPROX. \$390,000 WILL BE APPLIED TO REDUCE THE LIABILITIES TO MARTIN CORP. AND JACKSONS.

I UNDERSTAND ONE OF THE CONDITIONS OF THE ARRANGEMENT IS THAT YOU, KIPPIST AND KRISTALLIS RESIGN FROM THE BOARD OF SOUTHERN CROSS FORTHWITH.

30 AS I SEE IT THE ALTERNATIVES ARE THAT YOU ACCEPT THE ARRANGEMENT, RESIGN AND REALISE \$600,000 WHICH MAY THEN BE APPLIED TO REDUCE THE MORATORIUM COMPANIES LIABILITIES OR THE SHARES ARE FORFEITED AND AUCTIONED THEREBY REALISING NOTHING. I THEREFORE STRONGLY RECOMMEND THAT YOU ACCEPT THE GOLDBERG AND WISE PROPOSAL AS THIS WOULD BE IN THE BEST INTEREST OF ALL CONCERNED.

YOUR NON COOPERATION WITH PROPOSALS CONSIDERED REASONABLE BY CREDITORS COULD BE VIEWED AS NON COMPLIANCE WITH THE SPIRIT AND PROVISIONS OF THE MORATORIUM AGREEMENT AND COULD BE SEEN AS REASONS TO TERMINATE THE MORATORIUM PURSUANT TO CLAUSE 22.

I WOULD APPRECIATE A PROMPT REPLY BY TELEX.

ALEXANDER MACINTOSH
EXAMINING ACCOUNTANT.

*
BRINDS AA22292
PEATSYD AA22482

In the Supreme
Court of
Victoria

BRINDS LIMITED

GROUP OF COMPANIES

INCORPORATED IN VICTORIA
11 DUNEY OFFICE
82 MELBAITH STREET, SYDNEY
PHONE: 233 6022
CABLES: "INVESTBRAND" SYDNEY
TELEX: AA 22292

PLEASE ADDRESS ALL CORRESPONDENCE TO BOX 4246 GPO SYDNEY NSW 2001

No.10
Exhibit "F"
Bundle of
Correspondence
between Ganke
and Macintosh
concerning
shares held
by Brinds in
Southern Cross
Exploration N.L.
14th February
1983

2nd February 1983

Peat Marwick Mitchell & Co
31st Level
Australia Square
Sydney NSW 2000

Attention Mr A R M Macintosh

Dear Mr Macintosh

Re Shares in Southern Cross Exploration N L - Payment of Call

Thank you for your letter of 25th January, 1983, your ref. 17/EY. The Schedule you refer to in the first paragraph was not attached to the letter.

Your statements in the second paragraph are basically factual with the exception of the statement that "the interest in West Barrow Joint Venture is probably its principal asset."

The question of Balance Sheets and Cash Flow projections is raised again but this transaction should be looked at in isolation. Neither Balance Sheet nor Cash Flow will really help. Therefore, we invite you to an urgent conference to consider the proposed payment of the call.

In order to be able to come to the meeting with the possession of our views on the subject, the following may be helpful to you:

1. The cost of the shares in Southern Cross to the Brinds Group was about 12¢ per share or a total of \$2.4 million.
2. The value of the company's shares after the call is paid would be about 15¢ per share or equal to \$3 million. In the event the call is not paid, the value would be NIL.
3. It would be possible to sell about 25% of the company's shares (at or near their value), particularly if control was to be made available to another group.

Clause 1A, to which you refer, is understood by us (as mentioned in another of our letters) to be read with the clearly implied condition that prior to re-financing or selling of any of our assets, we must ensure that the title to those assets remains in good standing, e.g. mortgages, secured bills and shares. If we were to allow the shares in Southern Cross to be forfeited, we submit that we would be negligent under the Deed in not protecting our major assets.

The fact that there are other parties which are prepared to buy the shares now call unpaid at 3¢ seems to indicate clearly that their marketability will increase once the call is paid. Even if the interest in WA-64-P (currently being litigated) would be lost, the company would still remain viable.

It is doubtful that we could arrange a "concurrent sale" at a satisfactory price in the short space of time available. It is therefore essential to be permitted to pay the call - whether by borrowing the funds or by selling other securities.

Your re-consideration of your non-consent to pay the call will be very much appreciated.

Your arranging of an early meeting at a time convenient to you will also be very much appreciated.

Yours sincerely

Brinds Limited

Boris Ganke

-ks/945.109

In the
Supreme
Court of
Victoria
No.10
Exhibit "F"
Bundle of
Correspon-
dence
between
Ganke and
Macintosh
concerning
shares held
by Brinds in
Southern Cross
N.L.,
14th February
1983
(continued)

In the Supreme
Court of
Victoria

BRINDS LIMITED

GROUP OF COMPANIES

INCORPORATED IN VICTORIA
SYDNEY OFFICE:
82 ELIZABETH STREET, SYDNEY
PHONE: 233 6022
CABLES: "INVESTINAUST" SYDNEY
TELEX: AA22292

PLEASE ADDRESS ALL CORRESPONDENCE TO BOX 4246 GPO SYDNEY NSW 2001

No.10
Exhibit "F"
Bundle of
Correspondence
between Ganke
and Macintosh
concerning
shares held
by Brinds in
Southern Cross
N.L.
14th February
1983

3rd February 1983

COPY

Peat Marwick Mitchell & Co
31st Level
Australia Square
Sydney NSW 2000

Attention Mr A R M Macintosh

(continued)

Dear Mr Macintosh

Re Moratorium Agreement

Thank you for your telex of 26th January, 1983, your code
12567.

10

This was discussed on the phone and since then it was indirectly
answered by our letter of 2nd February, 1983 on the subject of
the payment of the call on Southern Cross Exploration N L shares.

If we have an early conference, those issues which are raised
in your telex can be fully canvassed.

It is probable that in making such a quick and strong recommendation,
you did not have time to listen to our side.

In our submission, we would be almost negligent to accept such an
offer as shares in Southern Cross constitute a major asset of our
group.

20

As we are working together for the benefit of all parties, we suggest
that it is unnecessary to resort immediately to threats that if
something is not done, then the dreaded Clause 22 will rear its
ugly head.

You are invited to a meeting to discuss this and other matters as
soon as convenient.

Regards

Brinds Limited

Boris Ganke

-ks/945.109

In the Supreme
Court of
Victoria

No.10
Exhibit "F"
Bundle of
Correspondence
between Ganke
and Macintosh
concerning
shares held by
Brinds in
Southern Cross N.L.
14th February
1983

9th February, 1983.

17/EY

Mr. B. Ganke,
Brinds Limited,
82 Elizabeth Street,
SYDNEY. N.S.W. 2000

(continued)

Dear Mr. Ganke,

SHARES IN SOUTHERN CROSS N.L. - PAYMENT OF CALL

I refer to your letters dated 2nd and 3rd February, 1983.

10 From the limited information that I have managed to obtain to date, it appears to me that virtually all of the valuable assets of the debtor companies have been pledged as security for other borrowings and that the remaining unpledged assets are not of sufficient value to realise the monies required for your proposal. It appears unlikely that the pledged assets will realise sufficient monies to repay the debts that they secure.

Please advise me precisely how you propose to generate the funds necessary to pay the call as it seems most unlikely that any lender will advance you the amount required for this purpose.

20 You state that it is doubtful that you could arrange a "concurrent sale" of the Southern Cross shares at a satisfactory price in the short time available. I refer you to my telex dated 26th January, 1983 in which I detail my understanding of the proposal for the sale of Southern Cross shares to Mr. Goldberg as promoted by Martin Corp., and my views on the proposal.

Yours sincerely,

A.R.M. MACINTOSH.

No.11

EXHIBIT "G"
BUNDLE OF CORRESPONDENCE BETWEEN
GANKE AND MACINTOSH CONCERNING
A PROPOSAL BY BRINDS TO BUY SHARES
IN GULF RESOURCES N.L.

This is the exhibit marked with the letter "G" produced and shown to ALEXANDER ROBERT MACKAY MACINTOSH at the time of swearing his affidavit.

SWORN this 14th day of February 1983

In the Supreme
Court of
Victoria

No.11
Exhibit "G"
Bundle of
correspondence
between Ganke
and Macintosh
concerning a
proposal by
Brinds to buy
shares in Gulf
Resources N.L.
14th February
1983

19th January 1983

Peat Marwick Mitchell & Co
31st Level
Australia Square
Sydney NSW 2000

Attention Mr A R M Macintosh

(continued)

Dear Mr Macintosh

This company would like permission to engage in buying on the
Stock Exchange shares in Gulf Resources N L.

10 As you are aware, our company has a large amount of funds on
deposit from Gulf Resources. These funds have been called and
are due for repayment at the end of this year.

However, the market price for shares in Gulf Resources is still
very depressed. On the basis of purchasing shares in the range
of 5 cents to 7 cents, we would by buying assets at a discount,

If buying sufficient quantity, we could offer the whole company
for sale at asset backing which would amount to the deposits
which our company will have to repay.

20 In the circumstances, your approval of a steady purchasing of
these shares will be very much appreciated.

Yours sincerely,

Brinds Limited

Boris Ganke

-ks/945.109 ✓

Exhibit "G" Bundle of Correspondence between Ganke and Macintosh concerning a proposal by Brinds to buy shares in Gulf Resources N.L.

14th February 1983 (continued)

Peat, Marwick, Mitchell & Co. CHARTERED ACCOUNTANTS

26th January, 1983.

Mr. B.A. Ganke, Brinds Limited, Box 4246 G.P.O., SYDNEY. N.S.W. 2001

Handwritten file and destroy stamp with date 27 JAN 1983 and initials.

DELIVERED

Tower Building, Australia Square, SYDNEY, N.S.W. 2000 Telephone: (02) 239-7444 Telex: 22482 PEATSYD Post Office Box: H67 Aust. Square Document Exchange: DX1056, Sydney

Our Ref. 17/EY

Dear Mr. Ganke,

I refer to your letter dated 19th January, 1983 requesting my permission as examining accountant to "engage in buying shares in Gulf Resources N.L.".

The draft balance sheet of Gulf Resources at 30th September, 1982 provided by you indicates to me that after providing for the non-recovery of the monies owed by Brinds and writing off the bucket dredge, its net asset backing (using book values) is around six cents per share. Allowing a price of \$300,000 for the value of structure and the listing, the price increases to around seven cents per share.

You have not provided information as to the quantity or cost of shares you propose to buy or the precise source of the funds you propose to utilize for this purpose. The reason supplied in the penultimate paragraph of your letter under reply simply does not make sense. Your full explanation would be appreciated.

I therefore do not approve of your proposal.

20

Yours sincerely,

A.R.M. MACINTOSH, (Examining Accountant).



BRINDS LIMITED
GROUP OF COMPANIES

INCORPORATED IN VICTORIA
SYDNEY OFFICE
12 ELIZABETH STREET, SYDNEY
PHONE: 233 6022
CABLES: "INVESTMAINT" SYDNEY
TELEX: AA 22392

PLEASE ADDRESS ALL CORRESPONDENCE TO BOX 4246 GPO SYDNEY NSW 2001

2nd February 1983

COPY

In the Supreme
Court of
Victoria

Peat Marwick Mitchell & Co
31st Level
Australia Square
Sydney NSW 2000

No.11
Exhibit "G"
Bundle of Correspondence between Ganke and Macintosh concerning a proposal by Brinds to buy shares in Gulf Resources N.L.
14th February
1983 (continued)

Attention Mr A R M Macintosh

Dear Mr Macintosh

Re Shares in Gulf Resources N L

Thank you for your letter of 26th January, 1983, your ref. 17/EY.

10 You will pardon us, I hope, if we say that it appears to us that any commercial proposals submitted by us aimed at ensuring the earliest possible repayment in full of all creditors are at present vetoed, without seeking a meaningful discussion on the subject.

20 The basic principle underlying our proposal to purchase shares in Gulf Resources is of course that it is expected that the funds on deposit with Brinds will be repaid in full. This can be made more certain by the fact that if currently we hold 6 million shares in Gulf Resources with a market value of \$360,000 and if another 6 million shares are purchased at, say, 5¢ each, or \$300,000, the shares will have an NTA of 20¢ each on the basis of Brinds funds being repaid.

On that basis, the 12 million shares would realise about \$2.4 million; add to it control of the company and listing and the amount that could be obtained from the sale of the shares would be very close to the amount which Brinds has now on deposit.

30 In other words, the purchase of sufficient quantity of shares will make them worth the 20¢, providing Brinds will be allowed to repay the deposit. Needless to say, other assets of the Brinds group will have a bearing on its capacity to repay the deposits but if one would isolate this transaction, it would demonstrate the viability of the proposed arrangement.

Perhaps this matter could be discussed, in order to explain more fully the aspects of the transaction which you state do not make sense to you, at any time convenient to you.

Yours sincerely

Brinds Limited
Boris Ganke
Boris Ganke

-ks/945.109

In the Supreme Court of Victoria
No. 11

Exhibit "G" Bundle of correspondence between Ganke
and Macintosh concerning a proposal by Brinds to buy
shares in Gulf Resources N.L.
14th February 1983 (continued)

Peat, Marwick, Mitchell & Co.
CHARTERED ACCOUNTANTS

Tower Building, Australia Square.
SYDNEY, N.S.W. 2000
Telephone: (02) 239-7444
Telex: 22482 PEATSYD
Post Office Box: H67 Aust. Square
Document Exchange: DX1056. Sydney

9th February, 1983.

Mr. B. Ganke,
Brinds Limited,
82 Elizabeth Street,
SYDNEY. N.S.W. 2000

DELIVERED
4p

Our Ref. L7/EY
[Handwritten initials: BF, MT, W]
[Stamp: DESTROY]

Dear Mr. Ganke,

SHARES IN GULF RESOURCES N.L.

I refer to your letter dated 2nd February, 1983.

It is my role to consider any proposal that complies with Clause 1A of
the moratorium deed. Your proposals for the purchase of shares in Gulf
Resources N.L. do not make any attempts to explain:-

10

1. how you propose to finance the purchase of the shares, and;
2. how the Gulf Resources "shares will have an NTA of 20 cents each
on the basis of the Brinds' funds being repaid". It seems to me
that it is most unlikely Brinds Limited has the resources to pay
the amounts owing.

On the basis of the facts known to me, it does not appear that the purchase
of 6 million Gulf Resources N.L. shares at a price of 5 to 7 cents each is
a reasonable commercial proposal.

Yours sincerely,

20

A.R.M. MACINTOSH.

No.12

In the Supreme
Court of
Victoria

EXHIBIT "H"

BUNDLE OF CORRESPONDENCE BETWEEN GANKE
AND MACINTOSH CONCERNING MATTERS GENERALLY
RELATING TO BRINDS AND OTHER DEBTORS

No.12
Exhibit "H"
Bundle of
correspon-
dence
between Ganke
and MacIntosh
concerning
matters
generally
relating to
Brinds and
other debtors
14th February
1983

This is the exhibit marked with the letter "H" produced and shown
to ALEXANDER ROBERT MACKAY MACINTOSH at the time of swearing his
affidavit.

SWORN this 14th day of February 1983

In the
Supreme
Court of
Victoria

No.12
Exhibit "H"
Bundle of
Correspon-
dence
between
Ganke and
Macintosh
concerning
matters
generally
relating to
Brinds and
other debtors
14th February
1983

(continued)

GA
020
INTLX 3491849 *
PEATSYD AA22482
GA
701J236+
3236 NAVITI FJ
PEATSYD AA22482

DATE: 15TH DECEMBER, 1983

OUR CODE: 11956

ATTN: BORIS GANKE/MARTIN

I HAVE RECEIVED VERBAL NOTIFICATION THAT BRINDS LIMITED PROPOSES TO ROLL OVER A \$800,000 BILL WITH MILTON CORPORATION LIMITED. IN ORDER TO MEET THE INTEREST CHARGE OF \$35000 UPON THE ROLL OVER OF THE BILL I UNDERSTAND THAT IT IS PROPOSED TO OBTAIN AN OVERDRAFT OF APPROX \$40,000 FROM THE BANK. THIS OVERDRAFT IS TO BE SECURED BY LODGEMENT OF 800,000 OFFSHORE SHARES.

I ADVISE THAT IN MY CAPACITY AS EXAMINING ACCOUNTANT FOR BRINDS I AM NOT PREPARED TO APPROVE (1) THE ROLL OVER OF THE BILL

IN PARTICULAR

- (2) THE INCREASE IN THE BANK OVER DRAFT, AND
- (3) THE LODGEMENT OF THE SHARES AS SECURITY

UNTIL I HAVE RECEIVED DETAILED EXPLANATIONS AND ATTAIN FULL UNDERSTANDING OF ALL "GROUP" COMPANIES ACTIVITIES.

ALEX MACINTOSH

3236 NAVITI FJ
PEATSYD AA22482

D=03:15-S:26A-RFD:

15/12/83
6:00pm

In the Supreme
Court of
Victoria

No.12
Exhibit "H"
Bundle of
Correspondence
between Ganke
and Macintosh
concerning
matters
generally
relating to
Brinds and
other debtors
14th February
1983

30th December 1982

Peat Marwick Mitchell & Co
31st Level
Australia Square
Sydney NSW 2000

(continued)

Dear Mr Macintosh

Re Approvals under Moratorium Agreement

10 Your approval is sought for an extension of time in which to
supply financial accounts as required by the Moratorium Agreement
for the "Debtor" companies.

Your agreement is also sought to exempt the companies from preparing
September 1982 accounts, as the preparation of such will be time
consuming and any relevant information will be necessarily included
in the December 1982 accounts.

As you are aware, negotiations are underway to sell the 11th Floor,
82 Elizabeth Street, Sydney, with the offer presently made by the
Registered Clubs Association for \$400,000. Your approval for the
disposal of this asset at this price is desired.

20 At the time of signing the Moratorium Agreement, discussions were
held regarding your assent to Mr B A Ganke disposing of up to
3 million shares in Offshore Oil N L. Your confirmation of this
will be appreciated.

Yours sincerely -

Brinds Limited

-ks/945,109 ✓

In the
Supreme
Court of
Victoria

BRINDS LIMITED

GROUP OF COMPANIES

INCORPORATED IN VICTORIA
SYDNEY OFFICE:
22 ELIZABETH STREET, SYDNEY
PHONE: 233 6022
CABLES: "INVESTINAUST" SYDNEY
TELEX: AA22292

PLEASE ADDRESS ALL CORRESPONDENCE TO BOX 4246 GPO SYDNEY NSW 2001

No.12
Exhibit "H"
Bundle of
Correspon-
dence
between
Ganke and
Macintosh
concerning
matters
generally
relating to
Brinds and
other debtors
14th February
1983
(continued)

4th January 1982

Peat Marwick Mitchell & Co
31st Level
Australia Square
Sydney NSW 2000

Dear Mr Macintosh

As you are aware, the companies which were signatories to the "Moratorium Deed" are required to hold EGM's for the purpose of approving the Deed.

We have negotiations pending in respect of a number of companies 10
for the sale of the entire corporate structure.

The debts to FAI would be repaid from sale proceeds if still outstanding at the time in respect of Alexanders Securities Limited and Chapmans Limited, whilst repayment of the mortgage to Offshore Oil N L would be a condition of any sale of Acron Pacific Limited.

In the circumstances, to call EGM's at this stage would seem to serve little purpose and could be prejudicial to the negotiations and early settling of the debts.

Your granting of an extension of time of thirty (30) days for 20
all companies and at least sixty (60) days for the three public companies would therefore be very much appreciated.

Yours sincerely

Brinds Limited

B. Ganke

-ks/945.109

In the Supreme Court of Victoria

No.12

Exhibit "H" Bundle of Correspondence between Ganke and Macintosh concerning matters generally relating to Brinds and other debtors

14th February 1983 (continued)

Peat, Marwick, Mitchell & Co. CHARTERED ACCOUNTANTS

Tower Building, Australia Square. SYDNEY, N.S.W. 2000 Telephone: (02) 239-7444 Telex: 22482 PEATSYD Post Office Box. H67 Aust. Square Document Exchange: DX1056. Sydney

12th January, 1983.

Mr. B. Ganke, Brinds Limited, G.P.O. Box 4246, SYDNEY. N.S.W. 2001

Handwritten table with date 14.1.1983, Brinds, and initials MM and a checkmark.

Our Ref. 17/EY

Dear Mr. Ganke,

MORATORIUM AGREEMENT DATED 25TH NOVEMBER, 1982

I acknowledge receipt of your letters dated 30th December, 1982 and 4th January, 1983.

10 I advise that I am not empowered under the terms of the "Moratorium Agreement" to exempt the "debtor" companies from preparing accounts for the period 1st July, 1982 to 30th September, 1982 required pursuant to Clause 42(a). Clause 37 merely empowers me to grant extension of time for the preparation of these accounts. I will grant an extension of time to 31st January, 1983 for the production of these accounts.

With respect to the accounts for the period 1st October, 1982 to 31st December, 1982, I advise that I am not prepared to grant an extension.

20 I acknowledge your request for approval to sell the premises at 11th Floor, 82 Elizabeth Street, Sydney and hereby approve the sale of that asset at a price of, or in excess of, \$400,000. I assume that a substantial portion of the proceeds of the sale will be applied in settling the mortgage with Milton Corporation and advise that in accordance with Clause 13(v), the balance should be banked to the credit of Brinds' bank account and should not be paid out without my specific authorisation.

In accordance with Clause 17 of the "deed", I confirm my approval for your (Mr. Boris Ganke) to dispose of up to three million shares in Offshore Oil N.L. beneficially owned or controlled by you.

30 Whilst I have read the reasons contained in your letter dated 4th January, 1983, wherein you seek an extension of time for the "debtor" companies to hold the EGMs, for the purpose of approving the "deed", as required by Clause 31, I do not agree with your assertion to do so would serve little purpose and could prejudice the negotiations for the sale of the companies. In fact, failure to hold the EGMs with a reasonable time, despite my granting the extension could be considered as a contravention in terms of the intent of the "deed" which I am not prepared to condone. I note that as no action has been taken it is not possible to hold the requisite meetings by 20th January, 1983. It is suggested that these meetings be held as soon as possible and certainly no later than 4th February, 1983.

Exhibit "H" Bundle of Correspondence between
Ganke and Macintosh concerning matters
generally relating to Brinds and other
debtors

14th February 1983 (continued)

I bring to your attention the following covenants and undertakings made by the "debtor" companies which have not been properly complied with:-

- Clause 1B(vii)(a) requires each of the "debtor" companies is to provide me with a list of all cheques drawn on any bank account within two business days of the end of each week.
- Clause 1B(viii) requires that each of the "debtor" companies submit a report on the progress in the realisation of its assets and in the discharge of its liabilities. This report is to be delivered to me on or before the last business day of each calendar month. I have not received any such reports for December, 1982. 10
- Clause 1B(iv) requires each "debtor" company to give me, as examining accountant, 48 hours notice of all meetings of directors.
- Clause 1B(ix) provides "inter alia", the "debtor" companies make me, in my capacity as examining accountant, a necessary authority to the drawing of all cheques, bills of exchange or other instruments and to the incurring or offering to be incurred of any liability whatsoever in excess of \$10,000. I take the view that the rolling over of any bills over this amount without my specific approval and authority is a contravention of this clause. I also advise that the "aggregate amount" required to be notified by me pursuant to this clause shall until further notice be \$10,000 per month. 20

I point out that the moratorium terminates if any debtor fails to observe or company with any provisions of the deed and suggest that these matters be rectified forthwith.

Clause 5(a) of the deed prohibits any "debtor" company creating any security in favour of any other "debtor" company or related corporation of any "debtor" company without the consent of the "examining accountant". I therefore consent to the security granted by Chapmans Limited to Brinds Limited for advances made by Brinds to Chapmans, the security being a lien over 20,000 shares in Whitefield Limited.

I refer you to Clause 1B(vii)(b) which states that the "debtor" companies shall provide the "examining accountant" with balance sheets, profit and loss statements and cash flow projections at such time as he shall require. I request that the "debtor" companies prepare:-

- (a) an operating budget for the six months 1st January to 30th June, 1983;
- (b) a summary of all realisable assets together with specific details of all charges made against those assets;
- (c) your written comments on the plan to be adopted for the realisation or re-financing of the "debtor" company assets, and;
- (d) a weekly summary of all transactions, payments etc. between debtor companies and other debtor companies within the Brinds' "stable".

In the Supreme Court of Victoria

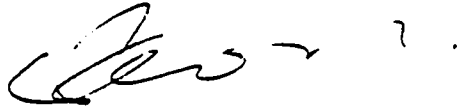
No.12

Exhibit "H" Bundle of Correspondence between
Ganke and Macintosh concerning matters
generally relating to Brinds and other
debtors
14th February 1983 (continued)

I look forward to receiving the above together with the report on the progress of realisation of assets as required by Clause 1B(vii) by Friday 21st January, 1983.

The deed provides for the "debtor" companies to pay my fees for acting as examining accountant. An account for services rendered to 31st December, 1982 is attached. Payment by return would be appreciated.

Yours sincerely,



A.R.M. MACINTOSH.

Exhibit "H" Bundle of Correspondence
between Ganke and Macintosh concerning
matters generally relating to Brinds and
other debtors
14th February 1983 (continued)

*F. I. Insurance Building
235, Macquarie Street
Sydney
Telephone 224-1155*

LJA/rmw

13 January 1983

COMMERCIAL IN CONFIDENCE

Mr Alexander R M Macintosh
Examining Accountant
Brinds Limited and Related Companies
Messrs Peat Marwick Mitchell & Company
Chartered Accountants
Level 31
Tower Building
Australia Square
SYDNEY NSW 2000

Dear Sir

We refer to the Moratorium Deed ("the Deed") of 25 November 1982 between Offshore Oil NL, Aureole Investments Pty Limited, FAI Insurances Limited, Fire and All Risks Insurance Company Limited ("the Creditors") and various members of the Brinds Limited group of companies ("the Debtors").

- 1) Pursuant to Clause 6(d) of the Deed, the Creditors direct you not to extend the date for compliance by the Debtors with Clause 31 beyond the date referred to in the said Clause 31.
- 2) Clause 2 of the Deed provides that you will forward to us a monthly report on the matters therein specified. Please confirm that you are preparing such report on the basis of a calendar month and that, accordingly, the report for December 1982 will be delivered by 14 January 1983.
- 3) Pursuant to Clause 6(d) of the Deed, the Creditors direct you to provide them as soon as possible with the following and to respond to the following questions:
 - (a) Evidence that each Debtor has appointed you Examining Accountant.
 - (b) Evidence that you are a necessary party to the affixing of the Common Seal of each Debtor.

In the Supreme Court of Victoria

No.12 Exhibit "H"
Bundle of Correspondence between Ganke and
Macintosh concerning matters generally
relating to Brinds and other debtors
14th February 1983 (continued)

Mr Alexander R M Macintosh

13 January 1983

- 10
- (c) Evidence that you are a necessary signatory to cheques drawn by any Debtor in excess of ten thousand dollars.
 - (d) Details of all Board of Directors' Meetings of each Debtor, including length of notice given to you, details of meetings attended by you and report of proceedings at such meetings.
 - (e) Have you been provided with lists of all cheques drawn by each Debtor within two business days of the end of each week since 25 November 1982?
 - (f) Has each Debtor delivered to you a report pursuant to Clause 1B(viii) of the Deed in respect of the month of December 1982?
 - (g) Copy of all reports, accounts, circulars and other documents sent by each Debtor to its shareholders which has been provided to you.
 - 20 (h) A copy of the accounts referred to in Clause 4.2(a) of the Deed and the date on which such accounts were provided to you.
 - (i) Details of approvals (if any) given by you pursuant to Clause 5 of the Deed.

We thank you in anticipation of your co-operation in this matter.

Yours faithfully
OFFSHORE OIL NL
AUREOLE INVESTMENTS PTY LIMITED
FAI. INSURANCES LIMITED.
FIRE AND ALL RISKS INSURANCE COMPANY LIMITED

LAWRENCE J ADLER
Chairman

the Supreme Court of Victoria
No. 12 Exhibit "H"
Bundle of Correspondence between Ganke and
Macintosh concerning matters generally
relating to Brinds and other debtors
14th February 1983 (continued)

DELIVERED

Peat, Marwick, Mitchell & Co.
CHARTERED ACCOUNTANTS

14th January, 1983.

Mr. B.A. Ganke,
Brinds Limited,
82 Elizabeth Street,
SYDNEY. N.S.W. 2000

17 JAN 1983	
✓	✓
MS	ec
MS	ec
FILE	
DESTROY	

Tower Building, Australia Square,
SYDNEY. N.S.W. 2000
Telephone: (02) 239-7444
Telex: 22482 PEATSYD
Post Office Box: H67 Aust. Square
Document Exchange: DX1056. Sydney

Our Ref. 17/EY

Dear Mr. Ganke,

MORATORIUM DEED WITH OFFSHORE OIL N.L. AND FAI INSURANCES LIMITED

Further to my letter dated 12th January, 1983, I now attach a copy of a letter from L.J. Adler in his capacity as Chairman of the four companies listed therein.

Unless the terms of the agreement are strictly adhered to, I will have no alternative but to report this fact to the creditor companies named in the moratorium deed. Should this event occur, I am sure that the consequences will be the immediate commencement of liquidation proceedings against the debtor companies concerned. 10

Unless you believe this to be the only course of action appropriate in the circumstances, I urge you to take immediate steps to rectify all breaches of the terms of the moratorium deed.

Yours sincerely,

A.R.M. MACINTOSH,
(Examining Accountant).

20



BRINDS LIMITED

GROUP OF COMPANIES

INCORPORATED IN VICTORIA
SYDNEY OFFICE:
12 ELIZABETH STREET, SYDNEY
PHONE: 233 6022
CABLES: "INVESTINAUST" SYDNEY
TELEX: AA22292

PLEASE ADDRESS ALL CORRESPONDENCE TO BOX 4246 GPO SYDNEY NSW 2001

19 January 1983

C O P Y

In the Supreme
Court of Victoria

Peat Marwick Mitchell & Co
31st Level
Australia Square
Sydney 2000

Attention Mr A R M Macintosh

Dear Mr Macintosh

Thank you for your letter of 12th January 1983, your reference 17/EY.

No.12
Exhibit "H"
Bundle of Correspondence between Ganke and Macintosh concerning matters generally relating to Brinds and other debtors
14th February 1983
(continued)

10 The proceeds of the sale of the 11th floor premises, when received, will be paid to Milton Corporation as to \$300,000 and the ANZ Bank wants the existing overdraft repaid, which will take the balance of proceeds.

The reasons for the extra-ordinary meetings which have been left in the Deed probably go back to the original clause when the primary purpose was to sell assets. Following lengthy negotiations and our refusal to accept the original clauses, the purpose of refinancing and/or selling assets to meet liabilities seems to us every company's aim. However, no doubt to please one specific creditor, we have to
20 comply with this. The Notice of Meeting has been settled by lawyers and the respective Share Registries have been advised. In view of 14 clear days and mailing arrangements, we hope to be able to mail by Friday 21st January, 1983 and have most of the meetings on Tuesday 8th February, 1983 to ensure validity of meetings.

Thank you for bringing to our attention various clauses. As your Mr Charles Fear has been in frequent attendance at our office where he saw a list of all cheques drawn, we believed that we were complying with the Deed. If you agree, perhaps a system of initialling cheque requisitions and cash book sheets would be the most practical
30 way to ensure operations in future.

As regards progress reports, again we have expected to have a working meeting with yourself but except for one short meeting it appeared difficult to arrange. However, Mr Charles Fear has been kept informed on a daily basis of what the companies were doing.

As regards the rolling-over of existing bills, we are proposing to seek a legal opinion on this aspect. In our submission, going into default on any commercial bills could lead to consequences which we thought we were trying to avoid by the Deed and which would be harmful to the interests of creditors and other parties.

In the
Supreme
Court of
Victoria

19 January 1983

Peat Marwick Mitchell & Co

No.12
Exhibit "E"
Bundle of
Correspon-
dence
between
Ganke and
Macintosh
concerning
matters
generally
relating to
Brinds and
other debtors
14th February
1983
(continued)

As you are aware, we are changing to a computer system and expect to be able to provide you with accounts for 31st December, 1982 very shortly. As regards budgets and cash flows, these will be attended to, to the extent that they are possible given the nature of the companies.

We suggest that the question of realisable assets can be decided after our meeting with a view to interpreting the provisions and intent of the Deed.

However, it is impossible to provide you with all the information within seven days of receipt of your letter and we suggest that a reasonable time be given considering the multitude of companies and magnitude of the task. We are providing you with a draft of a realisation program to be discussed at our meeting on Friday.

10

A meeting for Friday, 21st January, 1983 at 4.00 p m has been arranged with yourself and our legal representatives where some of the 'grey' areas can be discussed.

Thank you for your assistance.

Yours sincerely

Brinds Limited

20

Boris Ganke

-rb/945.109

In the Supreme Court of Victoria

No.12

Exhibit "H" Bundle of Correspondence
between Ganke and Macintosh concerning
matters generally relating to Brinds and
other debtors
14th February 1983 (continued)

*
BRINDS AA22292
PEATSYD AA22482

26 JAN 1983	
AG	✓
MT	cc
FILE	
DESTROY	

DATE: 26 JANUARY, 1983.

OUR CODE: 12567

ATTN: BORIS GANKE

RE: BRINDS MORATORIUM

10 MY REPLY TO YOUR LETTER DATED 18/1/83 REQUESTING APPROVAL TO PAY THE
CALL ON APPROX. 20 MILLION SOUTHERN CROSS SHARES ADVISES THAT I WOULD
NOT CONSENT TO ALLOW THE MORATORIUM COMPANIES TO PAY THE CALL. THE
ONLY CIRCUMSTANCES IN WHICH YOU COULD CONTEMPLATE SUBSCRIBING TO THE
CALL WOULD BE PURSUANT TO AN AGREEMENT WHICH PROVIDED FOR THE
CONCURRENT SALE OF THE SHARES AT A REASONABLE PROFIT MARGIN.

I UNDERSTAND THAT MARTIN CORP. HAVE PUT UP A PROPOSAL WHEREBY MESSRS.
GOLDBERG AND WISE ARE PREPARED TO ACQUIRE SOUTHERN CROSS SHARES
TOTTALLING APPROX. 13 MILLION LODGED AS SECURITY WITH MARTIN CORP. AND
JACKSONS AT 8 CENTS EACH "CALL PAID" AND THAT YOU WILL BE ABLE TO
AVAIL YOURSELF OF THE SAME PRICE IN RESPECT OF THE REMAINING 7
MILLION UNENCUMBERED SHARES.

20 THIS ARRANGEMENT SHOULD REALISE THE MORATORIUM COMPANIES APPROX.
\$600,000 OF WHICH APPROX. \$390,000 WILL BE APPLIED TO REDUCE THE
LIABILITIES TO MARTIN CORP. AND JACKSONS.

I UNDERSTAND ONE OF THE CONDITIONS OF THE ARRANGEMENT IS THAT YOU,
KIPPIST AND KRISTALLIS RESIGN FROM THE BOARD OF SOUTHERN CROSS
FORTHWITH.

30 AS I SEE IT THE ALTERNATIVES ARE THAT YOU ACCEPT THE ARRANGEMENT,
RESIGN AND REALISE \$600,000 WHICH MAY THEN BE APPLIED TO REDUCE THE
MORATORIUM COMPANIES LIABILITIES OR THE SHARES ARE FORFEITED AND
AUCTIONED THEREBY REALISING NOTHING. I THEREFORE STRONGLY RECOMMEND
THAT YOU ACCEPT THE GOLDBERG AND WISE PROPOSAL AS
THIS WOULD BE IN THE BEST INTEREST OF ALL CONCERNED.

YOUR NON COOPERATION WITH PROPOSALS CONSIDERED REASONABLE BY
CREDITORS COULD BE VIEWED AS NON COMPLIANCE WITH THE SPIRIT AND
PROVISIONS OF THE MORATORIUM AGREEMENT AND COULD BE SEEN AS REASONS
TO TERMINATE THE MORATORIUM PURSUANT TO CLAUSE 22.

I WOULD APPRECIATE A PROMPT REPLY BY TELEX.

ALEXANDER MACINTOSH
EXAMINING ACCOUNTANT.

*
BRINDS AA22292
PEATSYD AA22482

TELEX MESSAGE TELEX MESSAGE TELEX MESSAGE

In the Supreme Court of Victoria
No.12 Exhibit "H"

Bundle of Correspondence between Ganke
and Macintosh concerning matters generally
relating to Brinds and other debtors
14th February 1983 (continued)

Peat, Marwick, Mitchell & Co.
CHARTERED ACCOUNTANTS

26th January, 1983.

Mr. B.A. Ganke,
Alexanders Securities Limited,
Box 4246 G.P.O.,
SYDNEY. N.S.W. 2001

Dear Mr. Ganke,

I refer to your letter dated 21st January, 1983 and to the meeting held on that day.

Further information gained since 21st January as a result of questions and investigations has revealed that Alexanders Securities Limited (ASL) owes Audimco \$100,000 plus interest which is secured with the lodgement of 800,000 shares in Offshore Oil N.L. which are owned by Alexanders Corporation Limited.

You advised me at the meeting on 21st January that Audimco had served you with notice saying that unless the loan was repaid by 5.00 p.m. on 21st January, 1983 the security would be sold and proceedings commenced against ASL and Brinds Limited (presumably as a guarantor) for any shortfall. You also advised that apart from secured liabilities to Fire and All Risks Insurance Co. Limited and Westpac Banking Corporation the company's only other liability is a debt of approximately \$3 million owed to Chapmans Limited.

I understand from you that sale of the 10,600 shares in Abignano Limited would realise sufficient funds to enable repayment of the shortfall plus interest and the cost of the put and call option for the Offshore shares.

The Moratorium Agreement provides for the sale of the assets of the debtor companies and the repayment of their liabilities. Sale of the shares owned by the debtor company_group in ASL thus realising the value attaching to the ASL corporate structure is in accordance with the aims of the Moratorium Deed. It is accepted that to achieve such a sale it will be necessary for ASL to discharge its liabilities.

Whilst the repayment in full of Audimco whilst other creditors remain unpaid is not in accordance with the spirit of the Moratorium Deed, Audimco is not a party to that deed.

On the basis of the information available to me at the meeting I endorsed my agreement to the transaction on the condition that points 1 and 2 in your letter were effected simultaneously and that point 3 was effected as part of the same transaction (i.e. to repay Audimco for a shortfall). The sale of an asset of Alexanders Corporation Limited to satisfy a debt owed by ASL is consented to on the basis only that Audimco has a valid and enforceable

DELIVERED

27 JAN 1983	
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FILE	
DESTROY	

Tower Building, Australia Square.
SYDNEY, N.S.W. 2000
Telephone: (02) 239-7444
Telex: 22482 PEATSYD
Post Office Box: H67 Aust. Square
Document Exchange: DX1056, Sydney

Our Ref. 17/EY

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20

30

/2

Resident Partners: George H. Bennett James S. Cumings John W. Bradshaw Geoffrey W. Kelleher Graham D. Stanford
Graeme L. Herring Robert A. Lamond John H. Cherry Anthony J. Clark Norman P. Craig Brian Gray
John H. Richardson Geoffrey S. Bray Alexander R. M Keith N. Allen Peter W. Truda John S. Brown
Peter J. Done Peter R. Thomas Adrian J. Firmstone K. Bailey Donald F. Findlater Philip E. Henry

security over the subject asset and with the same conditions attaching to the transaction as are set out above.

At this point, I wish to formally record my objection to being asked to approve a transaction such as the application of the proceeds of sale of the Abignano shares which does not accord with the intent of the Moratorium Deed without being provided with all the relevant (and accurate) information within sufficient time to enable me to consider all of the effects and merits of the proposed transaction. Your attention is respectfully drawn to the provisions of the Moratorium Agreement which provides:-

- 10 - At Clause 1B(iii) "during the moratorium the examining accountant is promptly provided with all information, records and documents of the debtor and explanations thereof and any transactions of the debtor with the examining accountant and his absolute discretion shall seek.....and provide full and free access to such debtor's records, accounts and other documents.....".
- At Clause 1B(vii)(b) "deliver to the examining accountant within such time and in respect of such period as the examining accountant shall require during the moratorium balance sheets, profit and loss statements and cash flow projections.
- 20 - Clause 4.2 "each debtor separately covenants with each creditor to deliver unaudited balance sheets and profit and loss accounts together with detailed specification and explanation of all assets and liabilities set forth in such unaudited accounts in respect of such debtor at the end of and for each of the periods:
- (a) July 1, 1982 to September 30, 1982;
(b) October 1, 1982 to December 31, 1982;
- ...within 30 days after the conclusion of each such period..."

30 I note that the information listed above has not been provided and as such you are in breach of the covenants to the Moratorium Agreement. In such circumstances I must consider invoking the provisions of Clause 22 of the said deed.

Yours sincerely,



A.R.M. MACINTOSH,
(Examining Accountant).

In the Supreme Court of Victoria
No.12 Exhibit "H"
Bundle of Correspondence between Ganke and
Macintosh concerning matters generally
relating to Brinds and other debtors
14th February 1983 (continued)

Peat, Marwick, Mitchell & Co.
CHARTERED ACCOUNTANTS

26th January, 1983.

Mr. B.A. Ganke,
Brinds Limited,
82 Elizabeth Street,
SYDNEY. N.S.W. 2000

Dear Mr. Ganke,

I refer to your letter dated 19th January, 1983 covering a number of matters commencing with the sale of the 11th Floor premises, the extraordinary meetings, progress reports, roll over of existing bills and financial accounts, budgets and cash flows. I also refer to other correspondence between us covering subscription for the call on Southern Cross shares, your proposal to purchase Gulf shares and the repayment of a loan owed by Alexanders Securities Limited to Audimco.

It seems to me from our discussions and this correspondence that there is on your part a lack of understanding of the basic elements and intent of the Moratorium Deed. The basic elements of the deed were discussed at a meeting of the major lenders to Brinds held in November at the offices of Offshore. At that meeting those present agreed that it was necessary for there to be an orderly realisation of the Brinds group assets and to achieve this, the creditors holding security should ensure that realisation was done in co-operation with each other. Furthermore and most importantly for the partly and unsecured creditors, that the secured creditors relied upon their security and be encouraged to realise it at maximum value. It was agreed that in some cases a secured creditor might elect to realise security and should he do so at a price which resulted in a shortfall, he would not be entitled to claim that shortfall as an unsecured creditor. This principle is most important as it forms the very heart of the moratorium proposal for Offshore and the partly and unsecured creditors and it deals with your question in relation to payment of interest on secured debts.

Clearly, if you re-examine the feasibility of further securing existing secured creditors in the light of intent and purpose of the moratorium, you will see that it clearly contravenes the interest of the unsecured creditors unless the breach will precipitate a sale that will extinguish the mortgagor's equity in the subject property which is otherwise immediately realisable. In the case of the securities held by Milton Corporation, this is simply just not the case and in any event, the mortgagor has the ability to realise the security and retire the debt.

As pointed out to you recently in other correspondence, it is vital to the implementation of the Moratorium Deed that I be provided with up to date financial accounts, budgets and cash flows. Whilst the draft plan entitled

DELIVERED

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Tower Building, Australia Square.
SYDNEY, N.S.W. 2000
Telephone: (02) 239-7444
Telex: 22482 PEATSYD
Post Office Box: H67 Aust. Square
Document Exchange: DX1056. Sydney

Our Ref. 17/EY

Resident Partners: George H. Bennett James S. Cumis
Graeme L. Herring Robert A. Lamond John H. Cherr
John H. Richardson Geoffrey S. Bray Alexander J. Firmsto
Peter J. Done Peter R. Thomas
Bradshaw Geoffrey W. Kelleher Graham D. Stanford
carra Anthony J. Clark Norman P. Craig Brian Gray
Keith N. Allen Peter W. Truda John S. Brown
ne K. Bailey Donald F. Findlater Philip E. Henry

Bundle of Correspondence between Ganke
and Macintosh concerning matters
generally relating to Brinds and
other debtors

14th February 1983 (continued)

"repayment programme" provided with your letter under reply contains some basic information it also sets out transactions which are contrary to the deed and it is not supported by sufficient information to enable it to be meaningful to me or the creditors.

From information provided in our various discussions, it seems that the Brinds group has total interest bearing borrowings of around \$20 million. Assuming an average interest rate of 18%, these borrowings require \$3.6 million to service them annually. It also appears that the group requires some \$500,000 per annum in other overhead expenses. Unfortunately, I do not have the information which enables me to assess the value of the group's assets at this time, but I would have it to guess that to cover the 4.1 million in costs needed to observe the status quo an enormous increase in their value would be required. In the current economic climate, I would expect this to be a Herculean task.

In relation to the timely provision of information, might I remind you that the deed was signed on 25th November, 1982 and the date is now 26th January, 1983 and still virtually no information is available.

In these circumstances, I find it difficult to avoid closely examining the provisions of Clause 22 of the Moratorium Deed.

Yours sincerely,



A.R.M. MACINTOSH,
(Examining Accountant).

BRINDS LIMITED

GROUP OF COMPANIES

INCORPORATED IN VICTORIA
SYDNEY OFFICE
52 MELBURN STREET, SYDNEY
PHONE: 233 6022
CABLES: "INVESTBRAND" SYDNEY
TELEX: AA 22592

In the Supreme
Court of
Victoria

PLEASE ADDRESS ALL CORRESPONDENCE TO BOX 4244 GPO SYDNEY NSW 2001

No.12
Exhibit "H"
Bundle of
Correspondence
between Ganke
and Macintosh
generally
relating to
Brinds and
other debtors
14th February
1983

14 February 1983

WPY

1. Harwick Mitchell & Co
1st Level
Australia Square
Sydney NSW 2000

Attention Mr A R M Macintosh

Dear Mr Macintosh

Re General Matters

It is a pity that we engage in correspondence which appears polemical whilst our discussions are always most friendly and your and Charles Fear's co-operative attitude is always appreciated.

10

However, you will understand that we cannot keep the written word on record unanswered and therefore we submit answers to your statements which may appear a bit more harsh when written than if we could simply express them verbally.

Having checked the position with our lawyer, it seems to us that there is no "lack of understanding ... of the Moratorium Deed" on our part. In fact, we have specifically asked the question of our Counsel whether any of the preliminary discussions and drafts of the agreements (there were 16 of them!) have any bearing on the existing agreement. The answer is an emphatic No!

20

The meeting of lenders to which you refer was of a preliminary nature only to ascertain their views. As you know, the major lender, viz. FAI Insurances, was not represented. The other lenders were all secured and indicated that they were willing to co-operate without committing themselves to anything firmer or giving any of their rights up as secured creditors. None of them have subsequently signed the Deed.

The "orderly realisation" which was discussed was not what constituted the signed agreement. What was finally agreed was "to carry on its affairs for the purposes of progressively discharging during the Moratorium (i.e. over 12 months)... including the realisation or refinancing of such (including if necessary all of its) assets as shall be required.....".

30

This is worth repeating - we are not in receivership or liquidation - we are to stay in business and must meet normal operating costs in order to realise assets at best prices and also to be able to comply with the numerous administrative provisions of the Deed.

You are right - the principle which you describe as important is very important. Making payments on secured debts, e.g. rollover of bills, seems to us essential if we are not to have premature forced liquidation of assets at fire-sale or just depressed prices.

40

There was no question of "further securing existing secured creditors." It is another matter, however, to ensure that, e.g. Milton are not forced into the situation where they will sell assets now at depressed prices and incur legal and other expenses on top, thereby leaving little or no surplus for unsecured creditors. If we maintain our bill facility with Milton - the result for unsecured creditors will be obviously much better.

SO.

.../2

(continued)

Bundle of Correspondence between Ganke
and Macintosh concerning matters
generally relating to Brinds and other
debtors

14th February 1983 (continued)

If Milton - which has security at about \$1.5 million (at current prices) for the \$1.3 million - would sell now because we don't meet bill rollover costs, assuming they would realise \$1.5 million or near it, after deducting interest and other expenses, there would be, perhaps, \$100,000 left for unsecured creditors.

If we maintain payments of interest, default will not occur, better prices from the sale of assets will be realised and there will be a greater surplus available for the unsecured creditors. Do you agree that this is a reasonable assumption?

- 10 It is agreed that full financial information is still to be made available. However, these are finer details. The broad picture was given to Mr Fear in the first week or two.

It is true that total borrowings of this company are about \$20 million. Average interest is nearer to 14% than 18%. Operating expenses over a full 12 months may be in the range of \$500,000. However, if we sell our shareholdings in Chapmans Limited and Alexanders Securities Ltd and obtain only \$250,000 each more by being able to negotiate over a period of some time, instead of an "instant sale", the operating costs will be recouped.

- 20 The assets - consisting of shares in Offshore Oil N L, Southern Cross Exploration N L, Gulf Resources N L and various properties need to appreciate or realise, about 15% more than they would realise now to ensure that the interest component over 12 months is also covered.

However, we do not expect to wait with realisation till 12 months have elapsed. As you know, one office floor has already been sold and both Chapmans and ASL are on the market. On these sales, we should realise about \$1 million - so nearly half of our liabilities should be repaid within 2-4 months.

- 30 A great deal of information was made available to Charles Fear but there was lack of contact in the first two months of the Moratorium Deed. We outlined - in broad terms - the assets involving millions of dollars. The minute details are in the process of being computerised and will be provided shortly, however, they will not prove to be material to the main issues.

- 40 Considering the short period of time since the Deed was executed, with the AGM of Offshore Oil and Xmas and annual vacations in between, we respectfully submit that we have complied with the spirit and in all major issues also with the letter of the Deed. It would appear to us therefore that to be considering Clause 22 at this early stage would not be giving the Deed even a chance to commence working.

You can rest assured that we are prepared to continue to co-operate with you and your staff to ensure the success of the Deed's operation.

Yours sincerely

Brinds Limited

Boris Ganke

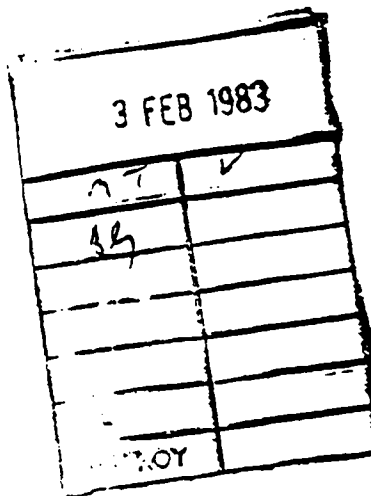
In the Supreme Court of Victoria
No.12 Exhibit "H"

Bundle of Correspondence between Ganke and
Macintosh concerning matters generally
relating to Brinds and other debtors
14th February 1983 (continued)

DELIVERED
11.00 am

Tower Building, Australia Square,
SYDNEY, N.S.W. 2000
Telephone: (02) 239-7444
Telex: 22482 PEATSYD
Post Office Box: H67 Aust. Square
Document Exchange: DX1056. Sydney

Pearl Marwick, Mitchell & Co.
CHARTERED ACCOUNTANTS



Our Ref. 17/ch

2nd February, 1983

Mr. B.A. Ganke,
Chief Executive,
Brinds Limited,
82 Elizabeth Street,
SYDNEY. N.S.W. 2000

Dear Sir,

Moratorium Agreement Clause 4(2)

I acknowledge receipt of your letter dated 28th January, 1983. Mr. Fear advised me on 28th January, 1983 of the problems you were encountering in obtaining financial accounts from the computer bureau.

10

As you are well aware, the Moratorium Agreement was signed on 25th November, 1982 and it provides for financial accounts for the period 1st July, 1982 to 30th September, 1982 to be delivered within 30 days from the date of execution of the Deed. Prior to and since the execution of the Deed, both Mr. Fear and I have made numerous attempts to obtain from you and officers of your companies, details of their assets and liabilities. It is my opinion that you have not made a conscientious and concerted effort to provide any meaningful information as at 30th September, 1982 or subsequent thereto in a form which would enable us to ensure that the provisions of the Moratorium Agreement were complied with either in detail or in principle.

20

I have no evidence before me to suggest that the information required to produce meaningful accounts has in fact been submitted to the computer bureau.

In these circumstances I am not prepared to grant an extension of time for the preparation and submission of the reports set out and required by the Moratorium Agreement.

Yours faithfully,

A.R.M. MACINTOSH.

Examining Accountant.

Resident Partners George H. Bennett James S. Cuming John W. Bradshaw Geoffrey W. Kelleher Graham D. Stanford
Graeme L. Herring Robert A. Lamond John H. Cherry Adrian Scarra Anthony J. Clark Norman P. Craig Brian Gray
John H. Richardson Geoffrey S. Bray Alexander R. Macintosh Keith N. Allen Peter W. Truda John S. Brown
Peter J. Done Peter R. Thomas Adrian J. Firmstone Graeme K. Bailey Donald F. Findlater Philip E. Henry
Larry A. Smith Ronald J. Switzer



BRINDS LIMITED
GROUP OF COMPANIES

INCORPORATED IN VICTORIA
SYDNEY OFFICE
22 ELIZABETH STREET, SYDNEY
PHONE: 233 6022
CABLES: "INVESTMAINT" SYDNEY
TELEX: AA 22292

PLEASE ADDRESS ALL CORRESPONDENCE TO BOX 4246 GPO SYDNEY NSW 2001

7th February 1983

COPY

In the Supreme
Court of
Victoria

Peat Marwick Mitchell & Co
31st Level - Australia Square
Sydney NSW 2000

No.12
Exhibit "H"
Bundle of Correspondence between Ganke and Macintosh concerning matters generally relating to Brinds and other debtors
14th February 1983
(continued)

Attention Mr A R M Macintosh

Dear Mr Macintosh

Re Moratorium Agreement, Clause 4(2)

Thank you for your letter of 2nd February, 1983, your ref. 17/ch.

10 Do we really have to go writing letters like this. When the Deed was signed, we stated that it will be impossible to provide the September figures within the time specified and we were clearly promised that this provision would not be strictly enforced. In fact, one of the reasons for including Clause 37 was due to this discussion and it was made clear that you alone have the power to grant any necessary extension of time for doing anything required to be done under the Deed.

The factual situation is as follows:

- 20
1. A number of attempts were made by myself phoning your office during January to arrange a meeting which was eventually held on 21st January, 1983.
 2. We have been making a conscientious effort to provide up-to-date and meaningful information. It was said to Mr Fear that we may have to reconstruct September, 1982 figures once we have the December figures, as we do not balance on a quarterly basis.
The delay has been caused by problems in the transfer to the Computer Bureau and their own staff and other problems. The delay is regretted by us also but we assure you that we are doing our best to obtain detailed meaningful information for you as soon as possible.
 - 30 3. There is plenty of evidence that all material for each debtor company had been given to the Computer Bureau.
 4. Once again, we should mention that even having all our accounts for December, 1982 (or September, 1982) is not going to give us a simple answer to "million-dollar" problems. Only sales of major investments - such as Chapmans and Alexanders Securities - will. These we are energetically pursuing whilst we also have to keep normal operations going and deal with the numerous queries arising out of the Deed.

40 A little bit of patience and understanding will be required from all parties unless they do not want the Deed to succeed. If you are under orders or pressure from someone else not to grant extensions then unnecessary conflicts will arise. Let us hope it is not so.

Can we have a meeting to discuss these matters soon and your reconsideration and granting of an extension will be appreciated.

Yours sincerely

Brinds Limited

Boris Ganke

-ks/945.109

In the Supreme Court of Victoria

No.12 Exhibit "B"

Bundle of Correspondence between Ganke and Macintosh concerning matters generally relating to Brinds and other debtors 14th February 1983 (continued)

Peat, Marwick, Mitchell & Co. CHARTERED ACCOUNTANTS

9th February, 1983

Mr. B.A. Ganke, Brinds Limited, Box 4246 G.P.O., SYDNEY. N.S.W. 2001

DELIVERED 3.30 pm

10 FEB 1983. Table with handwritten initials BF, MT, FLB, DESTROY and checkmarks.

Tower Building, Australia Square. SYDNEY, N.S.W. 2000 Telephone: (02) 239-7444 Telex: 22482 PEATSYD Post Office Box: H67 Aust. Square Document Exchange: DX1056, Sydney

Our Ref. 17/ktt

Dear Mr. Ganke,

I refer to your letter dated 2nd February, 1983 entitled "General Matters" and note your comments.

You state in the sixth paragraph of your letter, inter alia, "we are to stay in business ..." I should be grateful if you would advise me exactly what business you are in and provide full details of the "stock in trade" and modus operandi. You will note that the moratorium deed provides that the debtors have covenanted to supply this information but are in breach of that covenant.

10

The comments which follow in the seventh, eighth, ninth and tenth paragraphs seem to be based on the assumption that the company's assets will increase in value at a rate greater than the interest on the debts due to the creditors and the overhead costs. Whilst we do not have accurate information as to the company's assets, we do have a general knowledge of the type of assets involved and the shares in Offshore Oil N.L. and from this can calculate that the assets are not increasing in value. Furthermore, our calculations show that to maintain the status quo, some \$3,279,000 is required. It seems to me that this requires an increase in the value of existing assets of between 35% and 40%.

20

This leads me to my purpose in stating the intent of the moratorium. It was put to the secured creditors that they "sit on" their existing security and in the event that it becomes necessary for them to sell it, they absorb any shortfall without recourse to the debtor. On the other hand, if the security increases in value the moratorium debtors have the right to redeem it at a price sufficient to repay the secured creditor principal plus interest, or prevail upon the secured creditor to sell the security and refund any surplus for the benefit of other creditors. Clearly, if this principal is adopted, the position of the partly and unsecured creditors cannot worsen during the course of the moratorium. What you are proposing ignores this fundamental principal in that it uses assets to pay running costs.

30

In the eleventh paragraph of your letter, you make the statement "it is agreed that full financial information is still to be made available. However, these are finer details". Apart from being a breach of the covenants of the moratorium agreement, it ignores basic business logic and the objects of the moratorium.

Bundle of Correspondence between Ganke and
Macintosh concerning matters generally relating
to Brinds and other debtors
14th February 1983 (continued)

In relation to the comments in the twelfth paragraph, the values of your shareholdings in Chapmans and Alexanders will not increase by delaying the sale. These assets have a value and should be realised as expeditiously as possible.

Because of the lack of information, I am unable to check the assertions regarding 15% mentioned in the following paragraph of your letter.

In the fourteenth paragraph of your letter, you state that the group will realise \$8 million from the sale of its interest in Chapmans and Alexanders Securities Limited. I should be grateful if you would explain to me how this will come about.

In relation to the final paragraph of your letter, to enable the moratorium to continue, it will be necessary for you to increase your level of co-operation to the extent of providing the financial information we have continually requested since October, 1982.

Yours sincerely,



A.R.M. MACINTOSH,
(Examining Accountant)

F97

In the
Supreme
Court of
Victoria



Peat, Marwick, Mitchell & Co
CHARTERED ACCOUNTANTS

Tower Building, Australia Square,
SYDNEY, N.S.W. 2000
Telephone: (02) 239-7444
Telex: 22482 PEATSyd
Post Office Box: 1167 Aust. Square
Document Exchange: DX1056, Sydney

No.12
Exhibit "H"
Bundle of
Correspon-
dence
between
Ganke and
Macintosh
concerning
matters
generally
relating to
Brinds and
other
debtors
14th
February
1983

10th February, 1983.

Our Ref. 17/EY

(continued)

The Chairman,
Offshore Oil N.L.,
Aureole Investments Pty. Limited,
FAI Insurances Limited,
Fire & All Risks Insurance Company Limited,
185 Macquarie Street,
SYDNEY. N.S.W. 2000

Dear Sir,

MORATORIUM DEED DATED 25TH NOVEMBER, 1982 BETWEEN
OFFSHORE, AUREOLE, FAI, FAR (CREDITORS) AND BRINDS LIMITED AND
VARIOUS OTHER COMPANIES DESCRIBED IN THE DEED AS "THE DEBTORS"

As provided for in Clause 22 of the said deed, I have formed the opinion
that:-

- (a) The interest of the creditors could be prejudiced by compliance by
any debtor with this deed.
- (b) Brinds Limited and the other debtor companies have not observed the
following covenants contained in the deed:-
 - The debtors have failed to provide all of the accounts required by
Clauses 4.2(a) and (b) within the prescribed time or the time given
in the extensions granted. Failure to comply with the terms of this
covenant is the most important single failure on the part of the
debtors in that without complete and accurate details of the debtors'
assets and liabilities, I cannot effectively monitor any proposal to
ensure that the aims and objects of the deed, particularly as set out
in Clause 1A are being complied with. 20
 - The debtor companies have not within the prescribed time required by
Clause 1B(vii)(a), provided me with a weekly list of all cheques drawn
on any bank account for the period to 28th January, 1983.
 - The debtor companies have not within the prescribed time pursuant to 30
Clause 1B(viii) submitted a report for the months of December, 1982
and January, 1983 on the progress in the realisation of their assets and
in the discharge of their liabilities. In respect of the December, 1982
report, a request was made for this information to be received by 21st
January, 1983, however it was not received until 27th January, 1983.

/2

Robert Partners: George H. Bennett James S. Cuminy John W. Bradshaw Geoffrey W. Kelleher Graham D. Stanford
Graeme L. Herring Robert A. Lamond John H. Cherry Adrian Scarra Anthony J. Clark Norman P. Craig Brian Gray
John H. Richardson Geoffrey S. Bray Alexander R. Macintosh Malcolm H. McLean Keith N. Allen Peter W. Truda
John S. Brown Peter J. Done Peter R. Thomas Adrian J. Firmstone Graeme K. Bailey Donald F. Findlater
Philip E. Henry Larry A. Smith Ronald J. Switzer

Bundle of Correspondence between Ganke and Macintosh concerning matters generally relating to Brinds and other debtors
14th February 1983 (continued)

- 10
- On 12th January, 1983 the directors of Brinds Limited affixed the company seal to a transfer of 3,668,148 Southern Cross N.L. shares to Jackson Graham Moore and Partners without notifying me or obtaining my approval. This is in breach of Clause 1B(ii) of the deed.
 - The debtor companies (with the exception of Hallmark Minerals N.L. which is exempted) have not complied with the provisions of Clause 31 and have failed to hold a meeting of their shareholders by 20th January, 1983. The companies concerned applied for an extension of time which was refused but due to timing requirements it was suggested in my letter to Mr. Ganke dated 12th January, 1983 that these meetings be held no later than 4th February, 1983. This date has passed and the companies have not held the required meetings.
- (c) Brinds Limited is not having regard to the provisions of Clause 1A of the deed in making sufficient progress in progressively discharging during the moratorium its liabilities to its creditors including the realisation or re-financing of its assets and is not carrying out the realisation or re-financing of such assets with expedition and diligence so as to discharge its indebtedness to its creditors.

20 My reasons for forming the opinions in (a) and (c) above are:-

- As to (a), officers of the debtor companies have advised and my calculations show that, after bringing income to account, the debtor companies collectively need cash funds of approximately \$1,160,000, including \$718,000 for interest on secured loans not covered by the moratorium, to pay overhead expenses and maintain the status quo in relation to borrowings secured over the debtor companies' assets.

30 The only source of cash funds available to the debtor companies to meet these expenses is from the sale or re-financing of their assets. It is my opinion that the sale or re-financing of such assets and the application of the funds so generated to pay overhead expenses (in effect to fund losses) will reduce the assets available to pay the creditors unless the value of the assets not sold or re-financed increases by an amount in excess of \$1,160,000 in the moratorium period. In the current economic climate and uncertain stock market conditions, particularly as it is affecting the debtor group's assets, this is in my opinion unlikely. Additionally, interest on debts bound by the moratorium is accruing at a rate of \$2,119,000 per annum.

- As to (c), firstly, I annex correspondence with various of the debtor companies which proposes various plans to deal with their assets. For 40 the reasons stated in my letters to the debtor companies concerned, the plans referred to demonstrate an unwillingness to comply with Clause 1A of the deed and displays a lack of sensible commercial practice.

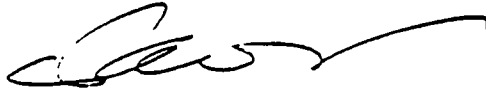
Secondly, Brinds Limited as the owner of the debtor companies' shareholding in Chapmans Limited and Alexanders Securities Limited, through its Chief Executive, Mr. Boris Andrew Ganke, is in a position to effect a sale of the said shares in Chapmans Limited and Alexanders Securities Limited. I have been advised by representatives of Messrs. Jackson Graham Moore and Partners and Martin Corporation Limited, both of whom are creditors of the debtor companies and who hold shares in Chapmans Limited and Alexanders Securities Limited as security for the monies owed by the debtors, who are keen to realise their security, that Brinds and Boris Andrew Ganke are not

In the Supreme
Court of
Victoria

No.12
Exhibit "H"
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Brinds and
other debtors
14th February
1983

adopting a co-operative attitude to sale proposals advanced by them and prospective buyers. It is my experience in discussing the sale of these shares with Mr. Ganke in his capacity as Chief Executive of Brinds Limited, notwithstanding that advertisements have been placed in the financial press that the said Ganke and Brinds are not carrying out the realisation or re-financing of such assets with expedition and diligence.

Yours faithfully,



(continued)

A.R.M. MACINTOSH,
(Examining Accountant).

AFFIDAVIT OF KENNETH GEORGE WILSHIRE

No.13
Affidavit
of Kenneth
George
Wilshire
16th February
1983

I, KENNETH GEORGE WILSHIRE, of 167 Phillip Street, Sydney in the State of New South Wales, Company Secretary, make oath and say as follows:-

1. I am the secretary of Offshore Oil N.L., the Petitioner in the above matter, a company duly incorporated under the Companies Ordinance 1962 of the Australian Capital Territory and I am duly authorised by the said Petitioner to make this affidavit on its behalf.

10 2. Such of the statements in the Petition now produced and shown to me and marked with the letter "A" as relate to the acts and deeds of the said Peitioner are true and such of the statements as relate to the acts and deeds of any other person or persons I believe to be true.

SWORN at Sydney

in the State of New South Wales

by the said KENNETH GEORGE WILSHIRE

this 16th day of February 1983

No.14

Further Affidavit of
Kenneth George Wilshire AFFIDAVIT OF KENNETH GEORGE WILSHIRE
16th February 1983

I, KENNETH GEORGE WILSHIRE, of 167 Phillip Street, Sydney in the State of New South Wales, Company Secretary, MAKE OATH AND SAY as follows:-

1. I am the Secretary of Offshore Oil N.L. (hereinafter called "Offshore") and am duly authorized by it to swear this affidavit. I depose to the matters hereinafter setforth from my own knowledge save where otherwise indicated.

2. Brinds Limited (hereinafter called "Brinds") is indebted to Offshore for the sum of \$3,484,854.00 comprising \$2,252,000.00 monies lent by Offshore from time to time to Brinds together with interest thereon in the sum of \$1,232,854.00.

10

3. Now produced and shown to me and marked "A" is a true copy of the ledger cards kept by Offshore recording the loans made by it to Brinds and the accumulation of interest thereon. Those ledger cards show transactions relating to such loans and interest since 30 June, 1979. Those ledger cards, at the time they came into existence and at the time the entries on them were made were part of the ordinary books of account of the business of Offshore and the entries on the said ledger cards relate to such business and were made in the usual and ordinary course of the business of Offshore.

20

4. On 27 August 1982 I was instructed by the Board of Directors of Offshore to require payment by Brinds of the monies then owing to Offshore. Now produced and shown to me and marked

"B" is a true copy of a letter written by me and sent to Brinds on 27 August 1982.

In the Supreme
Court of
Victoria

5. Now produced and shown to me and marked "C" is a true copy of a letter dated 31 August 1982 from Brinds to Offshore acknowledging receipt of my letter. I recognise the signature on that letter as being that of Boris Ganke.

No.14
Further
Affidavit
of Kenneth
George
Wilshire
16th February
1983

6. Mr. Ganke was a director of Offshore from 16 March 1971 to 25 November 1982 and the Chairman of Offshore from 1973 to 1982 and I know him to be the Chairman of Brinds.

(continued)

10 7. Upon receiving such letter I caused enquiries to be made within Offshore to locate any documentation relating to the terms of loans to Brinds. Apart from the ledger cards referred to in paragraph 3 hereof, various minutes of meetings of the directors of Offshore concerning specific transactions and accounting documents such as cheque requisitions, I could not locate any documents relating to such loans.

8. Accordingly I wrote a letter to Brinds on 31 August 1982 a true copy of which letter is now produced and shown to me and marked "D".

20 9. Brinds replied to my letter by a letter dated 2 September 1982, a true copy of which letter is now produced and shown to me and marked "E". Now produced and shown to me and marked "F" is a true copy of the "Deposit Variation Form" referred to in that letter.

10. To the best of my knowledge and belief the original of such "Deposit Variation Form" or letter was never received by Offshore. Such original cannot be found in the records of

Offshore. I have been the Secretary of Offshore since November, 1976 and at no time did I see such form or letter before 3 September 1982 when the letter marked "E" was received by Offshore.

11. On 7 September 1982 I caused the common seal of Offshore to be affixed to a notice of demand addressed to Brinds requiring payment of the said sum of \$3,484,854.00. Now produced and shown to me and marked "G" is a true copy of such notice.

12. Now produced and shown to me and marked "H" is a true copy of a letter from Brinds to Offshore dated 24 September 1982 acknowledging receipt of that notice. To my knowledge no injunction has been sought to restrain the presentation by Offshore of a petition for the winding up of Brinds.

10

13. Now produced and shown to me and marked "I" is a true copy of the 1981 Annual Report of Brinds. I crave leave to refer to the item in the consolidated balance sheet under the heading "Current Liabilities" entitled "Other Unsecured Loans and Advances - \$8,714,00.00" and to note 9 to the accounts. I am a Fellow of the Australian Society of Accountants and have been a member of such society for more than thirty years and from my knowledge of accounting practice I deduce and believe the said loans by Offshore to Brinds and the said interest thereon are included in this item.

20

14. On 25 November 1982 Offshore and certain other creditors of Brinds entered into a deed, described as a "Moratorium Deed". Now produced and shown to me and marked "J" is a true copy of such Deed. I am informed by Offshore's solicitors and verily believe that the original of such Deed is presently with the Commissioner of New South Wales Stamp Duties for the purpose of having the same stamped.

30

15. To the best of my knowledge and belief pursuant to the Moratorium Deed Mr. A.R.M. Macintosh the person referred to in Clause 1B therein was appointed by the companies therein referred to, including Brinds, as the Examining Accountant of each of them for the purpose of that Deed.

16. On 10 February 1983 the said Examining Accountant, Mr. A.R.M. Macintosh, delivered to the Creditors referred to in the said Moratorium Deed a written opinion formed by him under and for the purpose of Clause 22 of the said Deed. Now produced and shown to me and marked "K" is a true copy of that written opinion.

17. On 16 February 1983 Offshore gave to Brinds, and to each of the other Debtors described in the said Moratorium Deed, notice of termination of the Moratorium. Now produced and shown to me and marked "L" is a true copy of such notice to Brinds.

18. On 16 February 1983 and after service on Brinds of the notice marked "L" Offshore gave to Brinds, and to each of the other Debtors described in the Moratorium Deed, notice of demand for immediate payment to Offshore of the sum then due and unconditionally repayable upon demand from each such Debtor, including Brinds, to Offshore. Now produced and shown to me and marked "M" is a true copy of the said notice given as aforesaid by Offshore to Brinds and demanding payment by Brinds to Offshore immediately of the sum of \$3,513,236.00 without prejudice to the right of Offshore to recover interest upon the said sum from 30 November 1982 until payment.

19. Brinds has not paid to Offshore the said sum of \$3,513,236.00 owing by it to Offshore on any part thereof.

In the Supreme
Court of
Victoria

No.14
Further
Affidavit of
Kenneth George
Wilshire
16th February
1983

(continued)

In the Supreme Court of Victoria
No.14
Further Affidavit of Kenneth
George Wilshire
16th February 1983 (continued)

20. I believe that Brinds is unable to pay to Offshore the sum of \$3,513,236.00 now owing by it to Offshore and that Brinds is insolvent. Offshore fears that the continued trading of Brinds without the intervention of some formal administration may be harmful to the creditors of Brinds, including Offshore.

21. For the reasons stated in the said Opinion of Mr. A.R.M. Macintosh and in his affidavit sworn and filed herein, I believe the assets of Brinds are in jeopardy and that there is a real risk that those assets will be dissipated to the disadvantage of the creditors of Brinds. Therefore, I respectfully ask this Honourable Court to appoint a provisional liquidator of Brinds forthwith so as to preserve its assets and to ensure their orderly realisation.

10

SWORN at Sydney
in the State of New South Wales
by the said KENNETH GEORGE
WILSHIRE this 16th day of
February 1983

No.15
EXHIBIT "A"
COPY OF LEDGER CARDS KEPT
BY OFFSHORE RECORDING THE
LOANS MADE BY IT TO BRINDS

In the Supreme
Court of
Victoria

No.15
Exhibit
"A" Copy
of ledger cards
kept by
Offshore
recording the
loans made by
it to Brinds
16th February
1983

This is the Exhibit marked with the letter "A"
produced and shown to KENNETH GEORGE WILSHIRE
at the time of swearing his Affidavit.

SWORN the 16th day of February, 1983

No.15
Exhibit "A"
Copy of ledger cards
kept by Offshore recording
the loans made by it to Brinds
16th February 1983
(continued)

NAME BRANDS LTD		ADDRESS										OFFSHORE OIL NL		GARD NO.	ARC. NO.	
DATE	ITEM	FOL.	DEBIT	CREDIT	BALANCE	DATE	ITEM	FOL.	DEBIT	CREDIT	BALANCE	DEBIT	CREDIT	BALANCE		
14/1	11-F			24000		30-5-80	1919056 for	4264	9768							
	Postage			13800			1919056 for	1204	9833					1971327	34	
	Company			325			Transfer		156					1933127	46	
	Transfer		1565		1701004											
28-8-80	Am. Incubator		4795		1701919											
	Incubator		555													
	Transfer			2750												
	Transfer			9200	175200	31-9-80	1919056 for		23673					1978232	60	
19-11-80	CSA						Transfer		21074							
11-11-80	Am. Incubator						Transfer		20612							
12-11-80	CSA						Transfer		2186							
10-11-80	CSA						Transfer		4794							
11-11-80	CSA						Transfer		6827							
11-11-80	CSA						Transfer		1697							
11-11-80	CSA						Transfer		5700							
11-11-80	CSA						Transfer		1387							
11-11-80	CSA						Transfer		25400							
11-11-80	CSA						Transfer		84530							
11-11-80	CSA						Transfer		1724							
11-11-80	CSA						Transfer		701							
11-11-80	CSA						Transfer		16778							
11-11-80	CSA						Transfer		49728							
11-11-80	CSA						Transfer		49728							

In the Supreme Court
of Victoria

15

No. 15
Exhibit "A"
Copy of ledger cards
kept by Offshore recording
the loans made by it to
Brinds
16th February 1983
(continued)

OFFSHORE OIL

DATE	NAME	ITEM	POL.	DEBIT	CREDIT	BALANCE	DATE	ITEM	POL.	DEBIT	CREDIT	BALANCE	CARD NO.	A/C. NO.
30.6.81	Brinds, Ltd.	1st	-	3602.000		3602.000	30.3.81	15.7.58					4749225	-
1.8.81	paid		-	000.05		3522.000	20.9.81	of 0066115		44846				
13.11.81			-	000.00		3522.000	17.11.81	of 8172111		58485				
18.5.82			-	000.05		3471.950		of 8172111		791				
18.8.82			-	000.05		3471.900	10.9.82	of 8172111		58485				
21.9.82			-	000.05		3471.850	10.11.82	of 8172111		68489				
			-	000.05		3471.800		of 8172111		56854				
			-	000.05		3471.750		of 8172111		10701				
			-	000.05		3471.700		of 8172111		81594				
			-	000.05		3471.650		of 8172111		81594				
			-	000.05		3471.600		of 8172111		81594				
			-	000.05		3471.550		of 8172111		81594				
			-	000.05		3471.500		of 8172111		81594				
			-	000.05		3471.450		of 8172111		81594				
			-	000.05		3471.400		of 8172111		81594				
			-	000.05		3471.350		of 8172111		81594				
			-	000.05		3471.300		of 8172111		81594				
			-	000.05		3471.250		of 8172111		81594				
			-	000.05		3471.200		of 8172111		81594				
			-	000.05		3471.150		of 8172111		81594				
			-	000.05		3471.100		of 8172111		81594				
			-	000.05		3471.050		of 8172111		81594				
			-	000.05		3471.000		of 8172111		81594				
			-	000.05		3470.950		of 8172111		81594				
			-	000.05		3470.900		of 8172111		81594				
			-	000.05		3470.850		of 8172111		81594				
			-	000.05		3470.800		of 8172111		81594				
			-	000.05		3470.750		of 8172111		81594				
			-	000.05		3470.700		of 8172111		81594				
			-	000.05		3470.650		of 8172111		81594				
			-	000.05		3470.600		of 8172111		81594				
			-	000.05		3470.550		of 8172111		81594				
			-	000.05		3470.500		of 8172111		81594				
			-	000.05		3470.450		of 8172111		81594				
			-	000.05		3470.400		of 8172111		81594				
			-	000.05		3470.350		of 8172111		81594				
			-	000.05		3470.300		of 8172111		81594				
			-	000.05		3470.250		of 8172111		81594				
			-	000.05		3470.200		of 8172111		81594				
			-	000.05		3470.150		of 8172111		81594				
			-	000.05		3470.100		of 8172111		81594				
			-	000.05		3470.050		of 8172111		81594				
			-	000.05		3470.000		of 8172111		81594				

No.16
EXHIBIT "B"

COPY OF LETTER WRITTEN BY WILSHIRE
TO BRINDS SENT ON 27TH AUGUST 1982

This is the Exhibit marked with the letter "B" produced and shown to
KENNETH GEORGE WILSHIRE at the time of swearing his Affidavit.

SWORN the 16th day of February, 1983.

In the
Supreme
Court of
Victoria

KGH/JK

27th August, 1982.

No.16
Exhibit "B"
Copy of
letter
written by
Wilshire to
Brinds sent
on 27th
August 1982

Brinds Limited,
3th Floor,
102 Elizabeth Street,
Sydney 2000.

Dear Sirs,

16th
February
1983

re : Loan from Offshore Oil N.L.

According to our records as at the 30th June, 1982 the sum of
52,252,000 together with interest in the sum of 31,232,654 making
a total of 83,484,654 is owing by your company to Offshore Oil N.L.
in respect of a loan made to your company and repayable at call.

Therefore please take notice that we require payment of the sum of
83,484,654 by 12 noon on Tuesday 31st August, 1982.

Yours faithfully,
Offshore Oil N.L.



K.G. Wilshire.
Company Secretary.

No.17
EXHIBIT "C"

COPY OF LETTER DATED 31ST AUGUST 1982
FROM BRINDS TO OFFSHORE

This is the Exhibit marked with the letter "C" produced and shown to
KENNETH GEORGE WILSHIRE at the time of swearing his Affidavit.

SWORN the 16th day of February, 1983.

In the
Supreme
Court of
Victoria

No.17
Exhibit
"C"
Copy of
letter
dated 31st
August
1982 from
Brinds to
Offshore

"C"

In the Supreme Court of Victoria

BRINDS LIMITED

GROUP OF COMPANIES

INCORPORATED IN VICTORIA
SYDNEY OFFICE:
12 ELIZABETH STREET, SYDNEY
PHONE: 233 6022
CABLES: "INVESTINAUST" SYDNEY
TELEX: AA22292

PLEASE ADDRESS ALL CORRESPONDENCE TO BOX 4246 GPO SYDNEY NSW 2001

No.17
Exhibit "C"
Copy of
letter dated
31st August
1982 from
Brinds to
Offshore
16th February
1983

31st August 1982

The Secretary
Offshore Oil N L
167 Phillip Street
Sydney NSW 2000

(continued)

31 AUG 1982	
KW	✓
FILE	
DESTROY	

Dear Sir

Thank you for your letter of 27th August, 1982.

The funds you claim are due have been placed with the company not at call but at twelve (12) months call.

The accuracy of the amount claimed has not been checked but in the circumstances, we assume that your notice for re-payment of whatever amounts may be due is a notice of a 12 month call.

Yours sincerely


Brinds Limited

bg-ks/945.I14

No.18
EXHIBIT "D"

COPY OF LETTER FROM WILSHIRE
TO BRINDS DATED 31ST AUGUST 1982

In the
Supreme
Court of
Victoria

No.18
Exhibit
"D"
Copy of
letter from
Wilshire to
Brinds
dated 31st
August
1982

This is the Exhibit marked with the letter "D" produced and shown to
KENNETH GEORGE WILSHIRE at the time of swearing his Affidavit.

SWORN the 16th day of February, 1983.



u D u

In the
Supreme
Court of
Victoria

KGW:
cas

OFFSHORE HOUSE
147 PHILIP STREET SYDNEY
BOX 4244 GPO SYDNEY AUSTRALIA 2001
TELEPHONE 233 6072
TELEX AA22297

No.18
Exhibit "D"
Copy of
letter from
Wilshire to
Brinds
dated 31st
August 1982
16th February
1983

31 August 1982

The Secretary
Brinds Limited
82 Elizabeth Street
SYDNEY NSW 2000

(continued)

Dear Sir,

Advances - Offshore Oil NL

Thank you for your letter of 31 August 1982.

We have not seen documentary evidence by way of loan agreements or directors' minutes that support your assertion that the funds loaned by Offshore Oil NL to your company are at 12 months call. 10

Any documentary evidence which supports your claim that the loans are at 12 months call are required to be shown to us prior to 12 noon on Friday 3 September 1982.

In the absence of any evidence to the contrary the loan is repayable upon demand which has already been made in our letter of 27 August 1982.

Yours faithfully,
OFFSHORE OIL NL

K.G. Wilshire,
Secretary.

20

No.19
EXHIBIT "E"

COPY OF LETTER FROM BRINDS TO
WILSHIRE DATED 2ND SEPTEMBER 1982

This is the Exhibit marked with the letter "E" produced and shown to
KENNETH GEORGE WILSHIRE at the time of swearing his Affidavit.

SWORN the 16th day of February, 1983.

In the
Supreme
Court of
Victoria

No.19
Exhibit
"E"
Copy of
letter from
Brinds to
Wilshire
dated 2nd
September
1982

"E"

In the Supreme
Court of
Victoria

BRINDS LIMITED

GROUP OF COMPANIES

SYDNEY OFFICE:
12 ELIZABETH STREET, SYDNEY
PHONE: 233 6022
CABLES: "INVESTINAUST" SYDNEY
TELEX: AA22292

PLEASE ADDRESS ALL CORRESPONDENCE TO BOX 4246 GPO SYDNEY NSW 2001

No.19
Exhibit "E"
Copy of
letter from
Brinds to
Wilshire
dated 2nd
September
1982

(continued)

2nd September, 1982

The Secretary
Offshore Oil N L
167 Phillip Street
Sydney NSW 2000

- 3 SEP 1982	
KW	/
RW	
FILE	
DESTROY	

Dear Sir

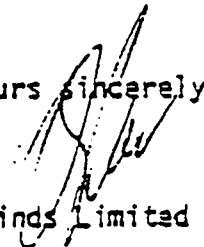
Thank you for your letter of 31st August, 1982.

As already advised, these funds were placed at various times on deposit with our company at 12 months call.

Enclosed is a copy of a Deposit Variation Form which was given to your company in respect of amounts outstanding at the time.

This was issued shortly after Brinds Ltd repaid \$950,000 to Offshore Oil at relatively short notice.

Yours sincerely


Brinds Limited

-ks/945.114

No.20
EXHIBIT "F"

COPY OF 'DEPOSIT VARIATION FORM'
REFERRED TO IN BRINDS' LETTER OF
2ND SEPTEMBER 1982

This is the Exhibit marked with the letter "F" produced and shown to
KENNETH GEORGE WILSHIRE at the time of swearing his Affidavit.

SWORN the 16th day of February, 1983.

In the
Supreme
Court of
Victoria

No.20
Exhibit
"F"
Copy of
'Deposit
Variation
Form'
referred
to in
Brinds'
letter of
2nd
September
1982

"F"

57

In the Supreme
Court of
Victoria

BRINDS LIMITED

GROUP OF COMPANIES

INCORPORATED IN VICTORIA
STONEY OFFICE
82 ELIZABETH STREET, STONEY
PHONE: 25 6021
CABLE: "BRVISTRAUST" STONEY
TELEX: AA 22272

PLEASE ADDRESS ALL CORRESPONDENCE TO BOX 4244 GPO STONEY NSW 2001

No.20
Exhibit "F"
Copy of
'Deposit
Variation
Form'
referred to
in Brinds'
letter of
2nd
September
1982

┌
Offshore Oil NL
82 Elizabeth Street
└
┌ Sydney
└

(continued)

Dear Sir

We confirm that owing to recent changes in short-term interest rates, the rate on your current deposit with us will be amended as follows from 24 Sept. 1981 ~~x197x~~.

Existing Deposit

<u>Amount \$</u>	<u>Rate %</u>	<u>Maturity</u>
2,852,000	various	12 months call

Amended Deposit

<u>Amount \$</u>	<u>Rate %</u>	<u>Maturity</u>
2,852,000	16	12 months call

Please let us know if you require any further information.

Yours sincerely

Brinds Limited

ARI/74

No.21
EXHIBIT "G"

COPY OF NOTICE OF DEMAND
SENT TO BRINDS ON 7TH
SEPTEMBER 1982

In the
Supreme
Court of
Victoria

No.21
Exhibit
"G"
Copy of
notice of
demand sent
to Brinds
on 7th
September
1982

This is the Exhibit marked with the letter "G" produced and shown to
KENNETH GEORGE WILSHIRE at the time of swearing his Affidavit.

SWORN the 16th day of February, 1983.

In the Supreme Court
of Victoria

No.21
Exhibit "G"
Copy of Notice of
Demand sent to Brinds
on 7th September 1982
(continued)

DEMAND IN TERMS OF SECTION
364(2) (a) OF THE COMPANIES
(VICTORIA) CODE

TO: BRINDS LIMITED,
c/- LINDSAY W. HAY & ASSOCIATES,
100 COLLINS STREET,
MELBOURNE VIC. 3000

YOU ARE HEREBY REQUIRED TO PAY

TO: OFFSHORE OIL N.L.
5TH FLOOR,
OFFSHORE HOUSE,
157 PHILLIP STREET,
SYDNEY NSW 2000

10

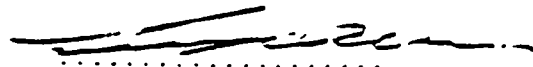
the sum of Three million four hundred and eighty four thousand
eight hundred and fifty four dollars (\$3,484,854.00) in which
sum you are indebted to OFFSHORE OIL N.L. and which sum is
due for payment.

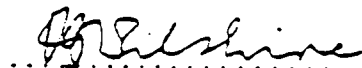
If you fail within three weeks of the service of this demand upon
you, to pay the aforesaid sum, or to secure or compound for it to
the reasonable satisfaction of OFFSHORE OIL N.L., you will be deemed
to be unable to pay your debts.

20

Dated at Sydney this 7th day of September, 1982.

THE COMMON SEAL of OFFSHORE)
OIL N.L. was hereunto)
affixed by the authority)
of the Board of Directors)
in the presence of:)


Director


Secretary

No.22
EXHIBIT "H"

COPY OF LETTER FROM BRINDS TO OFFSHORE
ACKNOWLEDGING RECEIPT OF THAT NOTICE

This is the Exhibit marked with the letter "H" produced and shown to
KENNETH GEORGE WILSHIRE at the time of swearing his Affidavit.

SWORN the 16th day of February, 1983.

In the
Supreme
Court of
Victoria

No.22
Exhibit
"H"
Copy of
letter from
Brinds to
Offshore
acknowledg-
ing receipt
of that
notice
16th February
1983

In the Supreme Court of Victoria

BRINDS LIMITED

GROUP OF COMPANIES

INCORPORATED IN VICTORIA
SYDNEY OFFICE:
12 ELIZABETH STREET, SYDNEY
PHONE: 233 6022
CABLES: "INVESTINAUST" SYDNEY
TELEX: AA22292

PLEASE ADDRESS ALL CORRESPONDENCE TO BOX 4346 GPO SYDNEY NSW 2001

No.22
Exhibit "H"
Copy of letter from Brinds to Offshore acknowledging receipt of that notice
24th September 1982

24th September 1982

The Secretary
Offshore Oil N L
167 Phillip Street
Sydney NSW 2000

Handwritten signature 'K. G...' in a box with horizontal lines.

(continued)

Dear Sir

We refer to your notice of 7th September, 1982. This is to confirm previous advice that the amount is not due at call, as you must know.

Unless you will confirm by 3.00 p.m. today that no action will be taken, an application for an injunction to prevent you from lodging a petition will be applied for, together with an order for costs against your company.

Yours sincerely

Handwritten signature

Brinds Limited

-ks/945.114

No. 23
EXHIBIT "I"

COPY OF 1981 ANNUAL REPORT
OF BRINDS
See "E" MacIntosh 14/2/83

In the Supreme
Court of
Victoria

No.23
Exhibit "I"
Copy of 1981
Annual Report
of Brinds
see "E"
MacIntosh
14/2/83

No. 24
EXHIBIT "J"

COPY OF 'MORATORIUM DEED'
ENTERED INTO BY OFFSHORE
AND OTHER CREDITORS OF
BRINDS
See "A" MacIntosh 14/2/83
at p.14

No.24
Exhibit "J"
Copy of
'Moratorium
Deed' entered
into by
Offshore and
other creditors
of Brinds
see "A"
MacIntosh
14/2/83 at p.14

No. 25
EXHIBIT "K"

COPY OF WRITTEN OPINION
FORMED BY MacINTOSH
See "B" MacIntosh 14/2/83
at p.48

No.25
Exhibit "K"
Copy of written
opinion formed
by MacIntosh
see "B"
MacIntosh
14/2/83 at p.48

No.26
EXHIBIT "L"

COPY OF NOTICE OF TERMINATION
OF MORATORIUM

This is the Exhibit marked with the letter "L" produced and shown to
KENNETH GEORGE WILSHIRE at the time of swearing his Affidavit.

SWORN the 16th day of February, 1983.

TO: BRINDS LIMITED
9th Floor,
82 Elizabeth Street,
SYDNEY. N.S.W.

No.26
Exhibit "L"
Copy of
Notice of
Termination
of Moratorium
16th February
1983

(continued)

WHEREAS

A. By a deed dated 25th November 1982 ("the Deed") made,
inter alia, between you and OFFSHORE OIL N.L. you
covenanted, inter alia, that during a period therein (and
hereinafter) called "the Moratorium" you would:-

10

- (a) forthwith appoint and ensure the continued
appointment of Mr. A.R.M. Macintosh of Messrs. Peat
Marwick Mitchell & Co. as Examining Accountant with
all the powers and authorities therein set out;
- (b) make certain appointments, ensure that certain
information was provided, give certain notices,
deliver certain documents and take certain action.

B. In the Deed (and hereinafter) Offshore Oil N.L., Aureole
Investments Pty. Limited, FAI Insurances Limited and Fire
and All Risks Insurance Limited are together called "the
Creditors".

20

C. Clause 22 of the Deed provides as follows:-

"If during the Moratorium the Examining Accountant
in his absolute opinion considers that:-

- (a) the interests of the Creditors could be
prejudiced by compliance by any Debtor with
this Deed;
- (b) any Debtor is not observing or fulfilling
any of the covenants or agreements herein

No.26
Exhibit "L"
Copy of
Notice of
Termination
of Moratorium
16th February
1983

(continued)

contained on its part to be observed and
fulfilled;

- (c) without affecting the generality of
subclause 22(b) above any Debtor is not
having regard to the provisions of Clause
1A hereof making sufficient progress in the
discharge of its indebtedness to the
Creditors as referred to herein including
the realisation of its assets during the
Moratorium so as to discharge such
indebtedness;

10

the Examining Accountant will deliver that opinion
and the reasons therefor and any proposals
consequent upon such opinion to the Creditors.
Any Creditor may within seven (7) days after
receipt of an opinion pursuant to this clause give
notice of termination of the Moratorium to the
Debtors. No party to this Deed shall challenge or
contest on any account an opinion formed by the
Examining Accountant."

20

D. On 10 February 1983 the Examining Accountant delivered
to the Creditors an opinion that:-

- (a) the interests of the Creditors could be prejudiced
by compliance by any debtor with the Deed; and
(b) you have not observed certain covenants contained
in the Deed.
(c) you are not having regard to the provisions of
Clause 1A of the Deed making sufficient progress

in progressively discharging during the Moratorium
your indebtedness to your creditors including the
realisation or refinancing of your assets and you
are not carrying out the realisation or refinancing
of such assets with expedition and diligence so
as to discharge your indebtedness to your
creditors.

DOW TAKE NOTICE that OFFSHORE OIL N.L. hereby gives notice of
termination of the Moratorium.

DATED this 16th day of February 1983.

THE COMMON SEAL of)
OFFSHORE OIL N.L.)
was hereunto affixed)
in the presence of:)

[Signature]
Secretary

[Signature]
Director



In the
Supreme
Court of
Victoria

No. 27
EXHIBIT "M"

No.27
Exhibit
"M"

COPY OF NOTICE OF DEMAND FOR
IMMEDIATE PAYMENT TO OFFSHORE

Copy of
notice of
demand for
immediate
payment to
Offshore
16th
February
1983

This is the Exhibit marked with the letter "M" produced and shown to
KENNETH GEORGE WILSHIRE at the time of swearing his Affidavit.

SWORN the 16th day of February, 1983.

TO: BRINDS LIMITED
9th Floor,
82 Elizabeth Street,
SYDNEY. NSW.

No.27
Exhibit "M"
Copy of Notice
of Demand for
immediate pay-
ment to
Offshore
16th February
1983

WHEREAS

(continued)

- A. You are indebted to OFFSHORE OIL N.L. for a sum exceeding \$3,513,236.00.
- B. By a deed dated 25th November 1982 ("the Deed") you acknowledged that you were indebted to OFFSHORE OIL N.L. for the said sum of \$3,513,236.00 and that the same was unconditionally repayable by you on demand.
- C. In the Deed (and hereinafter) Offshore Oil N.L., Aureole Investments Pty. Limited, FAI Insurances Limited and Fire and All Risks Insurance Limited are together called "the Creditors".
- D. By the Deed the Creditors undertook and agreed that during a period therein (and hereinafter) called "the Moratorium" they would not in respect of certain debts including your said debt to OFFSHORE OIL N.L.:-
- (a) take or concur in the taking of any step action application or legal proceedings to wind up the Debtors including you; or
- (b) institute prosecute or continue any proceedings at law or in equity or otherwise against the Debtors including you.
- E. The Creditors have this day given notice of the termination of the Moratorium to the parties described in the Deed as "the Debtors" including you.

In the Supreme Court
of Victoria
No.27 Exhibit "M"
Copy of Notice of Demand
for immediate payment to
Offshore
16th February 1983 (continued)

NOW TAKE NOTICE that OFFSHORE OIL N.L. hereby demands payment
to it immediately of the sum of \$3,513,236.00.

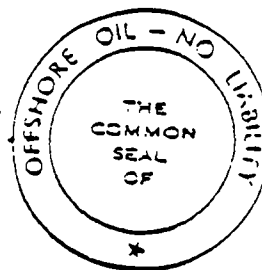
AND FURTHER TAKE NOTICE that this demand is made without
prejudice to the right of OFFSHORE OIL N.L. to recover interest
upon the said sum from 30 November 1982 until payment, as
provided in the Deed.

DATED this 16th day of February 1983.

THE COMMON SEAL of)
OFFSHORE OIL N.L.)
was hereunto affixed)
in the presence of:)

[Signature]
Secretary

[Signature]
.....
Director



AFFIDAVIT OF STEPHEN ROBERT ANSTICE

No.28
Affidavit of Stephen
Robert Anstice
16th February 1983

I, STEPHEN ROBERT ANSTICE of 2 Castlereagh Street, Sydney in the State of New South Wales, Manager MAKE OATH AND SAY as follows:-

1. I am authorised to swear this affidavit on behalf of Martin Corporation Limited ("Martin"). I depose to the matters hereinafter set forth from my own knowledge save where otherwise indicated.
2. Prior to March 1982 Martin had lent substantial sums of money to Brinds Limited ("Brinds"). Now produced and shown to me and marked with the letter "A" is a copy of an extract from the minutes of Brinds dated 12th October, 1981 provided by Brinds to Martin.
3. In March and April 1982 there were a number of discussions and considerable correspondence between representatives of Martin and representatives of Brinds concerning the repayment by Brinds of moneys then owing and also concerning the security provided by Brinds for the repayment of such moneys.
4. On 20 April 1982 Martin gave to Brinds a notice requiring payment of the sum of \$2,024,787.60 then owing by Brinds to Martin. Now produced and shown to me and marked with the letter "B" is a true copy of that notice.
5. Subsequently Martin sold certain shares held by it as security for the repayment of the monies owing by Brinds and applied the proceeds to the reduction of the amount outstanding. On or about 27 May 1982 Brinds paid to Martin the sum of \$1,007,285.82 as a result of which Martin released to Brinds further shares held by Martin as part of the security for repayment of the moneys owing by Brinds.

10

20

In the Supreme
Court of
Victoria

No. 28
Affidavit of
Stephen
Robert Anstice
16th February
1983

(continued)

6. Discussions and correspondence concerning the further repayment of moneys owing by Brinds to Martin continued throughout July and August 1982 but such repayment was not effected. On 25 October 1982 a notice under s. 364 of the Companies (Victoria) Code was served on Brinds on Martin's behalf. Now produced and shown to me and marked with the letter "C" is a true copy of that notice. At that date the sum of \$446,974.39 was still owing by Brinds to Martin.
7. No part of such moneys has been paid by Brinds to Martin nor has any arrangement been made for such repayment. 10
8. Now produced and shown to me and marked "D" is a copy of a letter dated 19 January 1983 from Brinds to Martin requesting further credit facility. This request was refused by Martin.
9. It appears to Martin from the above that Brinds is unable to repay the monies owing by it and that Brinds is therefore insolvent.
10. Martin respectfully supports the application made by Offshore Oil N.L. to have a provisional liquidator appointed to Brinds as quickly as possible to protect the assets of the company for the benefit of the creditors. 20

Sworn at Sydney 16th February, 1983

No.29
EXHIBIT "A"
COPY OF AN EXTRACT FROM THE
MINUTES OF BRINDS DATED
12TH OCTOBER 1981

In the
Supreme
Court of
Victoria

No. 29
Exhibit
"A"
Copy of
an extract
from the
minutes
of Brinds
dated 12th
October
1981

This is the Exhibit marked with the letter "A" produced and shown to
STEPHEN ROBERT ANSTICE at the time of swearing his Affidavit.

SWORN the 16th day of February, 1983.

In the Supreme Court
of Victoria

No.29

Exhibit "A"

Copy of an extract from
the minutes of Brinds dated
12th October 1981
(continued)

EXTRACT FROM MINUTES OF BRINDS LIMITED DATED 12TH OCTOBER 1981

Facility: A letter from Martin Corporation Limited dated 29th September 1981 offering a further facility of \$1 million to this company was tabled.

RESOLVED that the \$1 million facility offered be accepted on the terms and conditions stated in the letter of offer dated 29th September 1981, and further that the amounts approved in October 1980 are now also subject to these same terms and conditions as mentioned above, and that Mr Hugh Keller of Messrs Dawson Waldron, Canberra, be authorised to complete the necessary documentation on the company's behalf.

10

RESOLVED that the Officers of the company authorised to sign Bill or Bills of Exchange be any two of:

Boris Andrew Ganke, James Balfour Kippist, Con Kristallis, Rosa Bianchi, Emilia Bresciani, Martin Tosio, Lenka Pauler, Evelyn Goh.

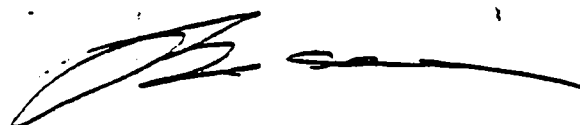
Further RESOLVED to do all other things as required in the letter of offer and to pay an amount of \$1,000 by way of the establishment fee for the facility.

20

Certified to be a true copy of the resolution of the Board of Directors of Brinds Limited.

R BIANCHI - Secretary

-rb/945.114



No. 30
EXHIBIT "B"

COPY OF NOTICE REQUIRING PAYMENT SENT
TO BRINDS BY MARTIN COPORATION

This is the Exhibit marked with the letter "B" produced and shown to
STEPHEN ROBERT ANSTICE at the time of swearing his Affidavit.

SWORN the 16th day of February, 1983.

In the
Supreme
Court of
Victoria

No.30
Exhibit
"B"
Copy of
notice
requiring
payment
sent to
Brinds by
Martin
Corpora-
tion
16th February
1983

In the Supreme Court
of Victoria

No.30

Exhibit "B"

Copy of Notice requiring
payment sent to Brinds by
Martin Corporation
20th April 1982
(continued)

Martin Corporation Limited

A subsidiary of Canadian Imperial Bank of Commerce
and affiliated with Baring Brothers & Co., Limited



To: BRINDS LIMITED
92 Elizabeth Street
SYDNEY 2000

Martin Corporation Limited refers to a Facility Letter dated 29th September 1981 and accepted by Brinds Limited on 13th October 1981 whereby a credit facility of \$2,000,000 was provided.

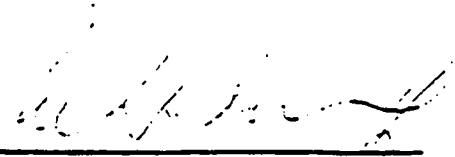
Brinds Limited has defaulted to Martin Corporation Limited under such Facility Letter in that the value of shares (as determined in accordance with the Facility Letter) lodged with Martin Corporation Limited as security for the facility is less than the amount outstanding under the facility. In addition Brinds Limited has admitted to Martin Corporation Limited its inability to pay its debts as they fall due in that it requested Martin Corporation Limited to agree to a moratorium in respect of its obligations to Martin Corporation Limited. 10

Accordingly the facility is hereby cancelled without prejudice to all accrued rights and remedies and Brinds Limited is required to pay to Martin Corporation Limited the sum of \$2,024,787.60 being the value of current drawings drawn by Brinds Limited pursuant to the facility, together with interest owing at the date of expiry of this demand. 20

Without prejudice to any other rights or remedies if such amount is not paid to Martin Corporation Limited by bank cheque at its office at 16th Floor, P & O Building, 2 Castlereagh Street, Sydney 2000 by 3.00 p.m. on the 21st day of April 1982, Martin Corporation Limited will exercise all its rights under the security furnished to it in accordance with clause 11 of the facility letter.

Dated this 20th day of April 1982.

THE COMMON SEAL of MARTIN CORPORATION LIMITED was hereunto affixed in the presence of:


Director

No. 31
EXHIBIT "C"

COPY OF S364 NOTICE SERVED ON
BRINDS ON MARTIN CORPORATION'S
BEHALF DATED 22nd OCTOBER 1982

In the
Supreme
Court of
Victoria

No.31
Exhibit
"C"
Copy of
S364 notice
served on
Brinds on
Martin
Corporation's
behalf dated
22nd October
1982

This is the Exhibit marked with the letter "C" produced and shown to
STEPHEN ROBERT ANSTICE at the time of swearing his Affidavit.

SWORN the 16th day of February, 1983.

In the Supreme Court
of Victoria

No.31

Exhibit "C"

Copy of S364 notice
served on Brinds on Martin
Corporation's behalf
22nd October 1982
(continued)

Martin Corporation Limited



A subsidiary of Canadian Imperial Bank of Commerce
and affiliated with Baring Brothers & Co., Limited
(Incorporated in New South Wales)

SECTION 364 (2)

COMPANIES (VICTORIA) CODE

To: Brinds Limited,
c/- Lindsay W. Hay & Associates,
5th Floor,
100 Collins Street,
MELBOURNE VIC 3000

TAKE NOTICE that Martin Corporation Limited of 2 Casclereagh Street, Sydney hereby demands payment from you of the sum of Four hundred and forty-six thousand, nine hundred and seventy-four dollars and thirty-nine cents (446,974.39) being moneys due and owing pursuant to a Facility Agreement constituted by the acceptance by Brinds Limited of a Facility Letter dated 29th September 1981 from Martin Corporation Limited to Brinds Limited and accepted by Brinds Limited on 13th October 1981 (the said Agreement hereinafter called "the Agreement").

10

NOW THEREFORE TAKE NOTICE that if Brinds Limited neglects to pay the abovementioned sum or to secure or compound for it to the reasonable satisfaction of Martin Corporation Limited within twenty-one (21) days after the service of this Notice upon Brinds Limited then Brinds Limited will be deemed to be unable to pay its debts and will be liable to be wound up under the provisions of the Companies (Victoria) Code.

20

THIS NOTICE is given without prejudice to all other rights and remedies of Martin Corporation Limited against Brinds Limited or any other person.

Dated this 22nd day of October 1982.

THE COMMON SEAL of MARTIN CORPORATION LIMITED was hereunto affixed in the presence of:

[Signature]
Director

[Signature]
Secretary

No. 32
EXHIBIT "D"

COPY OF LETTER DATED 19TH JANUARY
1983 FROM BRINDS TO MARTIN CORPORATION
REQUESTING FURTHER CREDIT FACILITY

This is the Exhibit marked with the letter "D" produced and shown to
STEPHEN ROBERT ANSTICE at the time of swearing his Affidavit.

SWORN the 16th day of February, 1983.

In the
Supreme
Court of
Victoria

No. 32
Exhibit
"D"
Copy of
letter dated
19th January ,
1983 from
Brinds to
Martin
Corporation
requesting
further
credit
facility
16th February
1983

In the Supreme
Court of
Victoria

BRINDS LIMITED

GROUP OF COMPANIES

SYDNEY OFFICE,
11 ELIZABETH STREET, SYDNEY
PHONE: 222 0000
CABLES: "INVESTINAUST" SYDNEY
TELEX: A40000

PLEASE ADDRESS ALL CORRESPONDENCE TO BOX 4244 GPO SYDNEY NSW 2001

No.32
Exhibit "D"
Copy of
letter dated
19th January
1983 from
Brinds to
Martin Corp-
oration
requesting
further
credit
facility
16th February
1983

19th January 1983

The Managing Director
Martin Corporation Limited
2 Castlereagh Street
Sydney NSW 2000

Dear Mr Irving

Re Shares in Southern Cross Exploration N L

(continued)

As you are aware, you are holding shares in the above company as security for advances made to this company.

A call of five cents on these shares was made, which was payable in October, 1982 and as the call has not been paid, the shares have been forfeited. 10

The shares may be redeemed by payment of the amount due one day prior to the forfeited Share Auction, which has now been set down for 2nd February, 1983.

We are hereby submitting to you a proposal for an additional advance of \$500,000 to enable the call to be paid and the shares redeemed.

In view of the valuation received in respect of Southern Cross Exploration N L's petroleum interests and generally because of an improvement in the share market status of the company, we are certain that we shall be able to sell enough shares to repay your amount in full within a period of not more than six months. 2

At present, Southern Cross has been successful in making placements of fully paid shares at 17.5 cents and has raised some funds to meet payments in respect of some of its exploration interests. However, the major amount, owing to Offshore Oil N L, is still outstanding.

Provided Southern Cross raises the funds from the call and makes additional placements, it will have sufficient funds to pay for all its past and present exploration and the company should have a value of at least \$7 million or about 15 cents per contributing share. 30

As mentioned to your Mr Anstice, we would be prepared to sell enough shares to give a major interest to another buyer if that will be necessary.

In the circumstances, your extending of an additional credit facility in respect of these shares would undoubtedly prove to be a wise move as it would protect your interests and assist us in making an early repayment of the existing loan account.

Your favourable consideration of this submission will be very much appreciated.

Yours sincerely

AFFIDAVIT OF BRUCE GORDON JACKSON

No.33
Affidavit of Bruce
Gordon Jackson
16th February 1983

I, BRUCE GORDON JACKSON of 25 Bligh Street Sydney in the State of New South Wales Stock and Share Broker make oath and say as follows:-

1. I am a partner in the firm of Jackson Graham Moore & Partners Stock and Share Brokers and am duly authorised by the firm to make this affidavit on its behalf. The firm carries on business in New South Wales, Victoria and London, England. I depose to the matters hereinafter set forth from my own knowledge save where otherwise indicated.

10

2. IN March 1982 my firm arranged a transaction whereby Brinds Limited (hereinafter called "Brinds") agreed to purchase 5,000,000 contributing shares in the capital of Offshore Oil NL (hereinafter called "Offshore"). The transaction was a "deferred settlement transaction" and Brinds became liable to pay for the shares on 17 September 1982. Now produced and shown to me and marked "A" is a true copy of the contract note evidencing the transaction and showing that Brinds was liable to pay to my firm the sum of \$1,463,830.00 on 17 September 1982.

20

3. ON that day, Brinds failed to pay such sum. Before 17 September 1982 I had had a number of conversations with Mr. Boris Ganke whom I know to be the Chairman and Managing Director of Brinds in the course of which I had discussed Brinds' liability to settle the transaction on 17 September 1982. I cannot recall the dates of these conversations or the particular words used but I recall generally that Mr. Ganke said to me words to the effect of:-

In the Supreme
Court of
Victoria

No.33
Affidavit of
Bruce Gordon
Jackson
16th February
1983

(continued)

"I am hopeful that Brinds can pay on the due date."

4. ON 16 September 1982 I had a telephone conversation with
Mr. Ganke in the course of which I said to him:-

"Are we going to be paid tomorrow?"

Mr. Ganke replied:- "Can I come down and see you?"

I said:- "Yes."

At about 4.30 p.m. on that day Mr. Ganke came to my office.

5. WE had a discussion in the course of which I said to Mr.
Ganke:-

"How are you going to pay us?"

I cannot recall precisely the words used by Mr. Ganke in
replying to this question but it was apparent to me from
those words that my firm was not going to be paid on the
following day.

6. ON 20 September 1982 I attended a meeting with Mr. Timothy
Whitfield and Mr. Alister John Forsyth, two of my partners,
and with Mr. Ganke and Mr. Tosio, who I believe to be an
executive of Brinds. In the course of that conversation I
said to Mr. Ganke:-

"Brinds are in default and we require settlement."

Mr. Ganke replied in words to the following effect:-

"Please give me a programme for an acceptable form of
repayment and I will consider it."

Mr. Whitfield said to Mr. Ganke:- "It is not for you to
tell us to give you a programme for repayment. You must
tell us how you will repay."

At no time during this conversation did Mr. Ganke or Mr.
Tosio say any words which suggested that Brinds was not
obligated to pay these monies.

7. EITHER at this meeting or during another conversation with
Mr. Ganke about the same time I said to Mr. Ganke words to
the following effect:-

"Is there any way that you will be able to pay these
moneys to us?"

Mr. Ganke replied in words to the following effect:-

"Brinds could repay at the rate of a hundred thousand
a month."

I said to Mr. Ganke:-

"Where would you get the money from?"

Mr. Ganke replied:-

"I may be able to borrow some money from the banks."

10

I said to Mr. Ganke:-

"Do you have any more security?"

Mr. Ganke replied:-

"I will endeavour to find some."

8. NOW produced and shown to me and marked "8" is a true copy
of a letter which I caused to be delivered to Mr. Ganke on
11 October 1982.

9. I spoke to Mr. Ganke by telephone a few days after 11
October 1982 and said to him:-

"Have you received my letter?"

20

He replied:-

"Yes, it's dated eleventh October but I only got
it today."

I said:-

"It must have been there earlier. It was a hand
delivery. What are you going to do? We have still
not received your proposition."

Mr. Ganke said:-

"We can't pay you."

I asked:-

"When are we going to be paid?"

Mr. Ganke replied:-

"I can't pay you."

In the Supreme
Court of
Victoria

No.33
Affidavit of
Bruce Gordon
Jackson
16th February
1983

(continued)

I said:-

"We have still not received your personal guarantee.
Have you given anyone else a guarantee?"

Mr. Ganke replied:-

"I am still considering it. However, I am reluctant
to negate the benefits of incorporation."

I said:-

"We have personally paid this money on your behalf.
The least you can do is give us a personal guarantee
to show your confidence in Brinds' financial position."

10. I again spoke by telephone to Mr. Ganke on 21 October 1982.

I asked him:-

"Where is our money?"

He replied:-

"We cannot pay you."

11. ON 15 October 1982 my firm caused to be served on Brinds
a notice of demand under Section 364 of the Companies
(Victoria) Code. Now produced and shown to me and marked
"C" is a true copy of such notice. As at the date of swearing
this affidavit, no money has been paid by Brinds to my
firm in respect of the debt referred to in the notice,
and no arrangements have been made nor has any attempt been
made to make any arrangements to pay the whole or part
of the sum outstanding.

12. NOW produced and shown to me and marked with the letter "D"
is a copy of a letter dated 19 January 1983 from Brinds to
Jackson, Graham, Moore and Partners requesting further credit
facility. This request was refused by me and this firm.

13. THROUGH my discussions with Mr. Ganke I have formed the
view that Brinds, and probably the whole Brinds group, is

In the Supreme
Court of Victoria

No.33
Affidavit of
Bruce Gordon Jackson
16th February 1983
(continued)

quite insolvent. My firm and I respectfully support the application to have a provisional liquidator appointed to Brinds as soon as possible.

Sworn at Sydney the 16th February, 1983.

No. 34
EXHIBIT "A"

COPY OF CONTRACT NOTICE EVIDENCING
A SHARE TRANSACTION BETWEEN BRINDS
AND JACKSON GRAHAM MOORE AND PARTNERS
dated 17th March 1982

This is the Exhibit marked with the letter "A" produced and shown to
BRUCE GORDON JACKSON at the time of swearing his Affidavit.

SWORN the 16th day of February, 1983.



JACKSON, GRAHAM, MOORE & PARTNERS
 STOCK, SHARE AND FUTURES BROKERS
 Member firm of The Sydney Stock Exchange Limited

BARCLAYS HOUSE
 25 BLIGH STREET
 SYDNEY NSW 2000

232-4244
 Telegrams
 LAGRAM
 Telex
 AA20796
 Postal Address

In the Supreme Court of Victoria
 No.34
 Exhibit "a"
 Copy of contract notice evidencing a share transaction between Brinds and Jackson Graham Moore and Partners dated 17th March 1982
 (continued)

Contract Note -- Please retain this portion

COPY

THIS DAY WE BOUGHT THE FOLLOWING SECURITIES FOR YOU

COMPANY NAME
 AUTHORITY OFFSHORE OIL NL

SECURITY DESCRIPTION FULLY PAID ORDINARY

C/N No. 72	DATE 17.3.82	ACCOUNT 0802009	TOTAL UNITS 5000000	TOTAL CONSIDERATION 1450000.00
UNITS AT PRICE 5000000 0.29		UNITS AT PRICE		
BROKERAGE 9480.00	STAMP DUTY 4350.00	DIVIDEND REDUCTION	APPLICATION MONEY	
				TOTAL COST 1463830.00

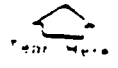
BRINDS LIMITED
 9 TH FLOOR
 82 ELIZABETH STREET
 SYDNEY
 NSW 2000

SETTLEMENT 17/9/82

subject to the Articles, Regulations, By-Laws, Rules, customs and usages of The Sydney Stock Exchange Limited and the correction of errors or omissions.

PLEASE DETACH THIS PORTION AND RETURN TO THE ABOVE ADDRESS FOLLOWING INSTRUCTIONS BELOW.

JACKSON, GRAHAM, MOORE & PARTNERS
 STOCK, SHARE AND FUTURES BROKERS
 Stock and Share Brokers



Telephone

232-4244

Telex

AA20796

1. Complete attached Transferee's Acceptance if purchase covers contributing shares (or rights thereto) in a limited liability company.
2. Complete and return declaration attached if television or trustee shares have been purchased.
3. Advise if registration is to be effected for other than the name and address shown below.
4. Indicate by ticking
 Remittance Attached Contra Against Funds held

COMPANY NAME
 AUTHORITY OFFSHORE OIL NL
 SECURITY DESCRIPTION FULLY PAID ORDINARY

BOUGHT	C/N No. 72	DATE 17.3.82	ACCOUNT 0802009	TOTAL UNITS 5000000	TOTAL COST 1463830.00
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BRINDS LIMITED
 9TH FLOOR
 82 ELIZABETH STREET
 SYDNEY
 NSW 2000

SETTLEMENT 17/9/82

No.35
EXHIBIT "B"

COPY OF LETTER DELIVERED BY
BRUCE JACKSON TO GANKE ON
11TH OCTOBER 1982

This is the Exhibit marked with the letter "B" produced and shown
to BRUCE GORDON JACKSON at the time of swearing his Affidavit.

SWORN the 16th day of February, 1983.

" B "

In the Supreme Court
of Victoria

No.35

Copy letter delivered
by Bruce Jackson to Ganke
on 11th October 1982
(continued)

11th October, 1982

Mr. B. Ganke,
Brinds Limited,
82 Elizabeth Street,
SYDNEY N.S.W. 2000

Dear Boris,

Further to our numerous conversations since the 17th September, 1982, when a debt to us of \$1,463,830 in payment for 5 million Offshore Oil N.L. shares became due, we now request from you by 10 a.m. on Tuesday 12th October, 1982, the following:

1. Payment in full
2. In the event the above is not possible your personal guarantee of the debt outstanding and a firm proposal for repayment supported by documentation indicating your proposal can be implemented.

Yours sincerely,

B.G. JACKSON

No. 37
EXHIBIT "D"

COPY OF LETTER DATED 19TH JANUARY
1983 FROM BRINDS TO JACKSON, GRAHAM
MOORE AND PARTNERS REQUESTING FURTHER
CREDIT FACILITY

This is the Exhibit marked with the letter "D" produced and shown to
BRUCE GORDON JACKSON at the time of swearing his Affidavit.

SWORN the 16th day of February, 1983.



BRINDS LIMITED

GROUP OF COMPANIES

INCORPORATED IN VICTORIA
SYDNEY OFFICE:
12 ELIZABETH STREET, SYDNEY
PHONE: 232 4022
CABLES: "INVESTINAUST" SYDNEY
TELEX: AA22292

PLEASE ADDRESS ALL CORRESPONDENCE TO BOX 4244 GPO SYDNEY NSW 2001

19 January 1983

C O P Y

In the Supreme
Court of
Victoria

No.37

Exhibit "D"
Copy letter dated
19th January 1983
from Brinds to
Jackson, Graham
Moore and Partners
requesting further
credit facility
(continued)

Jackson Graham Moore & Partners
9th Floor 10 Spring Street
Sydney 2000

Attention Mr Bruce Jackson

Dear Bruca

Re Shares in Southern Cross Exploration N L

As you are aware, you are holding shares in the above company as security.

10 A call of 5 cents on these shares was made which was payable in October, 1982 and as it has not been paid, the shares have been forfeited.

The shares may be redeemed by payment of the amount due one day prior to the forfeited share auction which has now been set down for 2nd February, 1983.

We are hereby submitting to you a proposal for an additional advance of \$200,000 to enable the call to be paid and the shares redeemed.

20 In view of the valuation received in respect of Southern Cross's petroleum interests and generally because of an improvement in the share market status of the company, we are certain that we shall be able to sell enough shares to repay this amount in full within a period of not more than six months.

At present, Southern Cross has been successful in making placements of fully paid shares at 17.5 cents and has raised some funds to meet payments in respect of some of its exploration interests. However, the major amount, owing to Offshore Oil N L, is still outstanding.

30 Provided Southern Cross raises the funds from the call and makes additional placements, it will have sufficient funds to pay for all its past and present exploration and the company should have a value of at least \$7 million or about 15 cents per contributing share.

As mentioned to you, we would be prepared to sell enough shares to give a major interest to another buyer if that will become necessary.

In the circumstances, your extending of this additional credit at an interest rate of, say, 15% p a, in respect of these shares would undoubtedly prove to be a wise move as it would protect your interests and assist us in making an earlier repayment of the existing amount.

Your favourable consideration of this submission will be very much appreciated.

Yours sincerely
Brinds Limited
Boris Ganke

-rb/945.114

AFFIDAVIT OF THOMAS ERIC ATKINSON

No.38
Affidavit of
Thomas Eric
Atkinson
16th February
1983

I, THOMAS ERIC ATKINSON of 12 Elvina Avenue, Newport in the State of New South Wales, Company Director MAKE OATH AND SAY AS FOLLOWS:-

1. I am a Director of Offshore Oil N.L. (hereinafter called "Offshore") and am duly authorised by it to make this affidavit on its behalf. I depose to the matters hereinafter set forth from my own knowledge save where otherwise indicated.

2. I am acquainted with Boris Ganke whom I knew in August and September 1982 to be Executive Deputy-Chairman of Brinds Limited (hereinafter called "Brinds").

3. I am aware that for a number of years Mr. Ganke was Chairman of Directors of Offshore. 10

4. IN the course of my acting as a director of Offshore it came to my notice that while Mr. Ganke was Chairman of Offshore, Offshore had lent substantial sums of money to various companies with which Mr. Ganke was associated including Brinds and that the total amount outstanding including accrued interest on these loans was to the order of \$8.4 million.

5. I was present at a meeting of the directors of Offshore on 27 August 1982. That meeting was attended by Mr. L. Adler and Professor J.Wilson and by the Secretary of Offshore, Mr. K.G. Wilshire. To my knowledge Mr. Ganke and the other two directors of Offshore, Mr. H.G. Scott and Mr. J.B. Kippist, were given notice of the meeting but declined to attend. 20

6. AT such meeting the following resolution was passed:-

"Loans to Brinds Limited and Other Associated Companies:

It was noted that for some years past the company and the subsidiary had been making loans to Brinds Limited and other associated companies. The Secretary is unable to furnish

at this stage terms and conditions of all the loans involved and a full investigation is now being made into the position. It was resolved that all the loans in question should be called in at the earliest date or dates legally permissible and that, in the event of the borrowers failing to repay as demanded, the company should forthwith take any steps as the Chairman may consider appropriate to enforce recovery. It was further resolved that the Chairman be authorised to engage on behalf of the company any lawyers, accountants or other professional advisers that he may consider appropriate in order to deal with all or any of the matters aforesaid."

10

I was present at a meeting of the directors of Offshore on 23 September 1982. Mr. Adler, Professor Wilson, Mr. Ganke, Mr. Scott and Mr. Kippist were also present. At that meeting there was a discussion concerning the steps to be taken to recover the loans referred to in the resolution passed at the meeting on 27 August 1982. I recall that Mr. Ganke said to the meeting words to the following effect:-

20

"The Brinds loan is supposed to be on 12 months call but there is nothing in writing to confirm this."

7. MR. Ganke then said words to the effect of:-

"Offshore should not press for the repayment of these loans. If you give them enough time to organise their affairs I believe you will eventually get your money back. But if you try to press for immediate payment then I don't believe you have any hope of recovery and I would therefore suggest that you make provision for bad debts for the whole \$8.4 million in this year's accounts."

30

After some further conversation which I cannot recall, the Chairman closed the meeting.

8. AFTER the closure of the meeting Mr. Ganke said words to the following effect:-

In the Supreme
Court of
Victoria

No.38
Affidavit of
Thomas Eric
Atkinson
16th February
1983

(continued)

"May I ask whether you are going to make provision
for \$8.4 million bad debts in this year's accounts?"

I do not recall the response to this inquiry.

9. I believe that the Brinds group of companies and Brinds
itself is in a perilous financial position and that the
continuation of trading operations by Brinds and its
subsidiary companies may well be to the disadvantage of
the creditors of those companies.

10. IT is my opinion that the interests of such creditors would
be best served by the appointment of a provisional
liquidator of Brinds Limited and I respectfully support
the application by Offshore for the appointment of a
provisional liquidator.

10

Sworn at Sydney the 16th day of February 1983.

AFFIDAVIT OF ALAN EDWARD MERVYN GEDDES

I, ALAN EDWARD MERVYN GEDDES of 117 Pitt Street, Sydney in the State of New South Wales, Company Director MAKE OATH AND SAY as follows:-

1. I am a joint Managing Director of Mercantile Mutual Life Insurance Company Limited ("M.M.L.I.") and am authorised to make this affidavit on its behalf. I depose to the matters hereinafter set forth from my own knowledge save where otherwise indicated.
2. On 8 October 1980 M.M.L.I. lent the sum of \$1,000,000.00 to Brinds Limited ("Brinds") secured by a mortgage of 7,000,000 shares in Offshore Oil N.L. ("Offshore").
The loan was made for a period of 2 years and it was a term of such loan that M.M.L.I. would always have security equal to 2.5 times the amount lent. When the price of shares in Offshore fell Brinds provided further shares as security for the loan and M.M.L.I. now holds as security 9,003,426 shares in Offshore.
3. In April 1982 a call of 5¢ per share was payable on shares in Offshore. On 19 March 1982 Brinds gave to M.M.L.I. a postdated cheque for \$450,171.30 to meet that call.
Subsequently Brinds advised M.M.L.I. that the cheque would not be met and on 28 April 1982 M.M.L.I. itself paid the call on the shares thereby increasing the principal owing by Brinds to \$1,450,171.30.
4. M.M.L.I. then asked Brinds to provide additional shares so that security would be held by M.M.L.I. for 2.5 times the amount owing. Brinds advised M.M.L.I. that it would endeavour to provide additional security, but was able to offer only 75,000 shares in Alexanders Securities Limited.

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No.39
Affidavit of
Alan Edward
Mervyn Geddes
16th February
1983

(continued)

5. In November, 1982 M.M.L.I. granted to Brinds an extension of 6 months in the repayment date of the loan due by Brinds to it. The sum of \$1,624,367.00 is payable by Brinds to M.M.L.I. on 8 April 1983.
6. I have had a number of discussions with Mr. Ganke, the Managing Director of Brinds, and with Mr. A. Macintosh, who was appointed by certain of Brinds' creditors to oversee Brinds' financial affairs after a moratorium was granted upon the repayment of certain debts owing by Brinds in November 1982. I have formed the opinion that there is no prospect whatever of Brinds being in a position to pay the sum of \$1,624,367.00 on 8 April 1983 and that it will be necessary for M.M.L.I. to sell the shares which it holds at market prices. At today's market price the shares of Offshore Oil N.L. would realise about \$810,000 less brokerage and stamp duty and that the shares in Alexander Securities Limited would probably be unsaleable and in any case be worth less than \$50,000.00 with the result that there would be a substantial shortfall in the moneys realised by M.M.L.I. I seriously doubt that Brinds will be able to meet this shortfall because of its financial position.
7. M.M.L.I. respectfully supports the application of Offshore to have a provisional liquidator appointed to Brinds forthwith to protect the assets of that company.

10

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Sworn at Sydney 16th February, 1983

AFFIDAVIT OF CHARLES ANTHONY CHANDLIN FEAR

I, CHARLES ANTHONY CHANDLIN FEAR of Tower Building, Australia Square, Sydney, Chartered Accountant, make oath and say as follows:-

1. I am a Chartered Accountant and Manager in the firm of Peat Marwick Mitchell & Co. I depose to the matters hereinafter set forth from my own knowledge save where otherwise indicated.
2. I crave leave to refer to the Affidavit of Alexander Robert MacKay Macintosh in these proceedings sworn the 14th day of February, 1983. I have assisted Mr. Macintosh in the performance of his functions as Examining Accountant pursuant to the Moratorium Deed referred to in the said Affidavit of Mr. Macintosh. I was present when the said Alexander Robert MacKay Macintosh executed the said Affidavit.
3. DURING the afternoon of 14 February, 1983 and after the said Macintosh had executed the aforesaid Affidavit, Mr. Tosio, who I understand to be the Principal Accounting Officer of Brinds Limited ("Brinds") gave to me a copy of the draft balance sheet as at 31 December, 1982 and the profit and loss account of Brinds for the period 1 January 1982 to 31 December, 1982. Now produced and shown to me and marked "A" is a copy of the said balance sheet and profit and loss account.
4. I crave leave to refer to the items in the aforesaid draft balance sheet of Brinds produced and shown to me and marked "A" under the headings therein "Current Assets" and "Current Liabilities" respectively. The amounts shown under such headings in credit and therefore representing current liabilities aggregate approximately \$18,770,200.00 and under such headings in debit and therefore representing

10

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In the Supreme
Court of

In the Supreme
Court of
Victoria

No.40
Affidavit of
Charles Anthony
Chandlin Fear
17th February 1983

(continued)

current assets in aggregate are approximately \$13,402,100.00. From the said draft balance sheet of Brinds the amounts described as aforesaid as current liabilities of Brinds are in excess of the amounts described as current assets of Brinds in the amount of approximately \$5,368,100.00 and therefore Brinds in my opinion has a net working capital deficiency of \$5,368,100.00. Whilst acknowledging that the aforesaid accounts are draft accounts and may be subject to some amendments, from my knowledge, whilst assisting Mr. Macintosh in his capacity as Examining Accountant, I am of the opinion that any amendments will not materially alter the aforesaid working capital deficiency.

10

5. INCLUDED in the aforesaid draft balance sheet of Brinds under the heading therein "Current Assets" are "Short Term Deposits" of \$6,960,439.00 and "interest receivable - other" of \$361,515.00 which I have been given to understand and truly believe substantially represents amounts owing by associated and other companies within the Brinds group of companies including companies which are subject to the aforesaid Moratorium Deed. From my knowledge of Brinds and associated companies derived whilst assisting Mr. Macintosh in his capacity as Examining Accountant and from an examination of the draft accounts of other companies described as Debtors under the Moratorium Deed in my opinion it is most unlikely that these amounts could be readily realised.

20

6. DURING the afternoon of 14 February 1983 Tosio rang me to request a meeting between Mr. Macintosh in his capacity as Examining Accountant and Mr. Ganke, who I understand to be the Chairman of Brinds and a director of other Debtors referred to in the aforesaid Moratorium Deed. I stated to

30

Tosio that Mr. Macintosh had left for Brisbane and would not return to the offices of Peat Marwick Mitchell & Co. in Sydney until the morning of Thursday, 17 February, 1983. Tosio stated to me that Mr. Ganke wished to meet with Mr. Macintosh before the date that I had indicated Mr. Macintosh would return to Sydney. I asked Mr. Tosio what was the purpose of the meeting requested by Tosio. He said to me that the purpose of such meeting was to ask Mr. Macintosh to reconsider his view denying his approval for Brinds and other companies, described as Debtors under the aforesaid Moratorium Deed, to redeem shares forfeited by them in Southern Cross Exploration N.L. I stated to Mr. Tosio that unless the facts as previously presented to Mr. Macintosh had changed, I did not believe that Mr. Macintosh would change his previous opinion and permit Brinds, and other companies described as Debtors in the aforesaid Moratorium Deed, to spend up to \$1,000,000.00 to pay the call on Southern Cross shares they had forfeited. Now produced and shown to me and marked with the letter "B" is a copy of a file note I made contemporaneously with the aforesaid telephone conversation with Mr. Tosio on 14 February 1983.

10
20
7. NOW produced and shown to me and marked "C" is a copy of a note I made contemporaneously with a telephone conversation with Mr. Ganke on 16 February 1983. During such conversation Mr. Ganke explained to me that the purpose for which he wished to meet as soon as possible with Mr. Macintosh was first to seek his approval pursuant to the Moratorium Deed to provide an additional \$60,000 of security to a secured creditor of Alexanders Securities Limited and secondly to seek his permission pursuant to the Moratorium Deed to pay up to \$200,000.00 to redeem Southern Cross Exploration NL

In the Supreme
Court of
Victoria

No.40
Affidavit of
Charles Anthony
Chandlin Fear
17th February 1983

(continued)

contributory shares held by Brinds and other companies described as Debtors, under the aforesaid Moratorium Deed, before Friday 18 February 1983 at which time a sale of forfeited shares by Southern Cross Exploration NL is due to take place and to attend the auction of the said forfeited shares with the intent of purchasing shares forfeited.

8. IN my opinion on the basis of the information available to me and also the information referred to herein Brinds is unable to pay its debts and is therefore insolvent. It is further my opinion that the financial affairs of Brinds are such that a provisional liquidator ought to be appointed to take over the administration of the company as quickly as possible. It is further my opinion that if such a liquidator is not appointed promptly the creditors of the company could have no confidence that the assets of the company are not in jeopardy.

10

Sworn at Sydney the 17th February, 1983

No. 41
EXHIBIT "A"

COPY OF DRAFT BALANCE SHEET OF BRINDS
AS AT 31ST DECEMBER 1982 AND PROFIT AND
LOSS ACCOUNT FOR THE PERIOD 1ST JANUARY
1982 TO 31ST DECEMBER 1982

This is the Exhibit marked with the letter "A" produced and shown to
CHARLES ANTHONY CHANDLIN FEAR at the time of swearing his Affidavit.

SWORN the 17th day of February, 1983.

In the
Supreme
Court of
Victoria

No.41
Exhibit
"A"
Copy of
draft
balance
sheet of
Brinds as
at 31st
December
1982 and
profit and
loss
account for
the period
1st January
1982 to 31st
December
1982

In the Supreme
Court of
Victoria

DATE: 14 FEB 83 TIME: 13 05

No.41
Exhibit "A"
Copy of draft
balance sheet of
Brinds as at 31st
December 1982
and profit and
loss account for
the period 1st
January 1982 to
31st December 1982

(continued)

BRINDS LIMITED
BALANCE SHEET
FOR THE PERIOD 31.12.82

CAPITAL

ISSUED CAPITAL 1190489.00
ASSET REVALUATION RESERVE 1224598.50
CAPITAL PROFITS RESERVE 274860.34
SHARE PREMIUM RESERVE 4181.37
PROFIT & LOSS APPROPRIATION (984800.25)
PROFIT (LOSS) YEAR TO DATE (595409.61)

1111923.35

SHARE CAPITAL & RESERVES

REPRESENTED BY

FIXED ASSETS

LAND & BUILDINGS - FREEHOLD 600000.00

INVESTMENTS

SHARES IN LISTED COMPANY(S) 1737760.42
SHARES IN OTHER COMPANY(S) 334074.51
SHARES IN SUBSIDIARY(S) 6796913.83
OTHER INVESTMENTS 11290.00

CURRENT ASSETS

CURRENT ACCOUNT - ANZ 381.33
CURRENT ACCOUNT - BNSW 1961955.97
CURRENT ACCOUNT - CBA (1465589.84)
CURRENT ACCOUNT - CBC 2935784.37
SHORT TERM DEPOSITS - OTHER 6960439.74
SUNDRY DEBTORS & PREPAYMENTS (15569.33)
OTHER DEBTORS 144628.31
INTEREST RECEIVABLE OTHER 361515.49
INTEREST REC. - SUBSIDIARY CO(S) 991673.03
ADVANCES TO SUBSIDIARY COMPANY(S) (431381.38)
DUBSPENSE ACCOUNT 6791.02

20950627.49

LESS

NON-CURRENT LIABILITIES

TERM LOANS OTHER SECURED 3000000.00

CURRENT LIABILITIES

OVERDRAFT - ANZ* 105656.76
OVERDRAFT - CBA* 2947992.02

C A 11,170,626

BRINDS LIMITED
 BALANCE SHEET
 FOR THE PERIOD 31.12.82

DATE: 14FEB83 TIME: 13 05

BILLS PAYABLE	1370421.88	
SHORT TERM LOANS OTHER UNSECURED	3951361.97	
SHAREHOLDERS & T DEPOSITS UNSECURED	23750.00	
LOANS FROM DIRECTORS & T UNSECURED	(18650.00)	
AMOUNTS PAYABLE ON SHARES PURCHASED	556644.64	
BONDY CREDITORS & ACCRUALS	(320.00)	
INTEREST PAYABLE OTHER	1557182.00	
INTEREST PAYABLE TO SUBSIDIARY CO(S)	1086186.00	
DIVIDENDS PAYABLE OTHER	(5.93)	
UNCLAIMED DIVIDENDS	9402.66	
ADVANCE(S) FROM SUBSIDIARY CO(S)	5245942.14	
PROVISION FOR INCOME TAX PAYABLE	3140.00	

	19838704.14	

NET ASSETS	(1111923.33)	

Drafted by me \$ 368,078

In the Supreme
 Court of
 Victoria

No.41
 Exhibit "A"
 Copy of draft
 balance sheet of
 Brinds as at 31st
 December 1982
 and profit and
 loss account for
 the period 1st
 January 1982 to
 31st December 1982

(continued)

BRINDS LIMITED
 PROFIT & LOSS
 FOR THE PERIOD 31. 12. 82

DATE: 14FEB83 TIME 13 15

In the Supreme
 Court of
 Victoria

No.41
 Exhibit "A"
 Copy of draft
 balance sheet of
 Brinds as at 31st
 December 1982
 and profit and
 loss account for
 the period 1st
 January 1982 to
 31st December 1982

(continued)

INCOME		
INTEREST RECEIVED OTHER	4087.96	
DIVIDENDS RECEIVED OTHER	10,883.37	
MANAGEMENT FEES	225,000.00	
OTHER NON OPERATING INCOME	4,000.00	
	-----	243,671.33
EXPENSES		
ADVERTISING	584.92	
AUDITIONS EMPLOYMENTS AUDIT	(2,200.00)	
CONSULTANTS FEES (ADMIN)	10,229.25	
DIRECTORS EMPLOYMENTS PARTTIME	3,400.00	
ELECTRICITY & GAS	339.58	
ENTERTAINMENT	1,261.75	
OFFICAL/MISCELLANEOUS EXPENSE	85.49	
INSURANCE	2,935.51	
LEGAL EXPENSE ADMIN	12,143.00	
MANAGEMENT FEES PAYABLE	154,100.00	
PRINT & STAT NEWSPAPERS, BOOKS, COPYING	1,141.35	
POSTAGE TELEPHONE TELEX & TELEGRAMS	44,639.39	
RAILS & TAXES, OTHER GOVT CHARGES	2,275.24	
RENT & OFFICE MAINTENANCE	10,410.00	
REPAIRS & MAINTENANCE	472.96	
SALARIES & WAGES	51,350.31	
BENEFICIAL FEES	150.00	
STAFF AMENITIES	1,133.51	
SUBSCRIPTIONS & DONATIONS	3,476.56	
TRAVELLING & MOTOR VEHICLE EXPENSE	21,847.11	
COMMERCIAL BILL FEES	42,791.35	
BANK CHARGES	1,798.52	
COMMISSION/BROKERAGE	11,083.33	
STAMP DUTY	(931.80)	
INTEREST PAID OTHER (SPECIFY)	45,429.72	
INTEREST PAID BANK	8,652.93	
	-----	839,076.94
		595,405.61

NET PROFIT (LOSS) FOR THE PERIOD ENDED 31. 12. 82

No. 42
EXHIBIT "B"

COPY OF FILE NOTE MADE BY FEAR
ON 14TH FEBRUARY 1982

In the
Supreme
Court of
Victoria

No.42
Exhibit
"B"
Copy of
file note
made by
Fear on
14th
February
1982

This is the Exhibit marked with the letter "B" produced and shown to
CHARLES ANTHONY CHANDLIN FEAR at the time of swearing his Affidavit.

SWORN the 17th day of February, 1983.

4B4

FILE NOTE OF TELEPHONE CONVERSATION WITH MARTIN TOSIO 14TH FEBRUARY, 1983

Martin Tosio of Brinds Limited rang me requesting a meeting between Alex Macintosh in his capacity as Examining Accountant, Boris Ganke, Chairman of Brinds Limited and other moratorium companies, Martin Tosio and myself. I explained to Tosio that this meeting could not be held until Friday in view of Mr. Macintosh's absence. I indicated that Friday 4.00 p.m. would be a satisfactory time. Tosio indicated that this would be unsatisfactory in view of the fact that Ganke urgently wanted to discuss the situation with regard to Southern Cross shares and payment of the call thereon.

10

I enquired of Tosio as to whether there had been any further developments in regard to this sale. He indicated no. I explained to him ~~our~~ attitude with respect to permitting Ganke to borrow another \$1 million to pay the call on the Southern Cross shares and stated that this had already been covered in detail in our correspondence. I went on to say that as far as we were aware, there was a proposal put up by Martin Corp. and Goldberg which would return the moratorium companies somewhere in the vicinity of \$600,000. I then went on to say that unless Ganke had some new proposal it appeared to me that any further discussions on the matter, Southern Cross shares would be fruitless in view of the fact that we had indicated our attitude. I explained to Tosio that Alex Macintosh would not return until Wednesday afternoon and that I understood he would be heading to Forster that evening.

20

I undertook to explain to Mr. Macintosh Mr. Ganke's concern in this matter and suggested that Ganke contact Macintosh on Wednesday afternoon.

14/2/83

C.A. Fear.

No. 43
EXHIBIT "C"

COPY OF FILE NOTE MADE BY FEAR
ON 16TH FEBRUARY 1983

In the
Supreme
Court of
Victoria

No.43
Exhibit
"C"
Copy of
file note
made by
Fear on
16th
February
1983

This is the Exhibit marked with the letter "C" produced and shown to
CHARLES ANTHONY CHANDLIN FEAR at the time of swearing his Affidavit.

SWORN the 17th day of February, 1983.

FILE NOTE

BRINDS MORATORIUM
DISCUSSIONS WITH BORIS GANKE
16TH FEBRUARY, 1983

I received a call from BG today requesting an urgent meeting with Alex Macintosh in his capacity as Examining Accountant. I explained to BG that Alex was not expected back until 9.30 tonight to which BG replied that that was probably a little late. He indicated to me that he had two matters which he urgently wanted to discuss with Alex, the first one related to the rol~~l~~ over of a bill by Alexanders Securities with their bankers. Apparently the bank had indicated to Ganke that there was insufficient security and they requested more. They are seeking an additional \$60,000 worth of security. 10

I indicated to Ganke that he was well aware of Alex's attitude in relation to further securing existing secured creditors at the expense of unsecured creditors.

The second matter he raised was that pertaining to the Southern Cross shares. Boris is seeking permission to sell further shares to realise a total of approximately \$200,000 with which he intends to pay Southern Cross call. He went on to explain that he intended going to the forfeited share sale and would purchase the remaining shares if at all possible. I indicated to BG that in my view, the situation had not altered ~~significantly~~ and I felt that Alex's view on the payment of Southern Cross call also would remain unaltered. I explained to Ganke that I was not the examining accountant and therefore was not in a position to give him a formal decision. I undertook to pass on this information to Alex. Ganke then requested information as to when he could contact Alex and I indicated to him that Alex would be in the office early tomorrow morning and suggested that he contact him then and put his proposals to him. 20

C.A. FEAR.

AFFIDAVIT OF TIMOTHY JOHN WHITFIELDNo 44
Affidavit of
Timothy John
Whitfield
2nd March 1983

I, TIMOTHY JOHN WHITFIELD of 25 Bligh Street, Sydney in the State of New South Wales, Stock and Share Broker, make oath and say as follows:-

1. I am a partner in the firm of Jackson Graham Moore and Partners, Stock Share and Futures Brokers. Such firm carries on business in the State of New South Wales and in the State of Victoria.

10 2. IN March, 1982 the firm arranged a transaction whereby Alexanders Securities Limited sold five million contributing shares in the capital of Offshore Oil N.L. (hereinafter called "Offshore") to Fire & All Risks Insurance Co. Limited (hereinafter called "F.A.I.") for a sum including brokerage and stamp duty of \$1,010,230.00 and in turn F.A.I. sold five million of such shares in the capital of Offshore to Brinds Limited (hereinafter called "Brinds") for a sum including brokerage and stamp duty of \$1,463,830.00 on terms which required settlement of such purchase on 17 September 1982. The second part of this transaction is described as "a deferred settlement transaction."

20 3. ON 17 September 1982 Brinds failed to pay the sum of \$1,463,830.00 which was then payable to my firm.

4. ON 20 September 1982 I attended a meeting between Mr. Bruce Jackson, Mr. John Forsythe and myself, all partners of Jackson Graham Moore & Partners and Mr. Boris Ganke whom I know to be the Chairman and Managing Director of Brinds and Mr. Tosio who I understand to be an executive of Brinds.

5. AT that meeting there was a conversation between Mr. Jackson and me and Mr. Ganke in words to the following effect:-

Mr. Jackson said:- "Brinds are in default under the contract of 17 March and we require settlement."

Mr. Ganke replied:- "Please give me a programme for an acceptable form of repayment and I will consider it."

I said:- "It is not for you to tell us to give you a programme for repayment, you must tell us how you will repay."

At no time during this conversation did Mr. Ganke or Mr. Tosio suggest that Brinds was not liable to pay the said sum of \$1,463,830.00.

10

6. MY firm had obtained certain security from Brinds in respect of the deferred settlement transaction. That security included 292,000 fully paid shares in the capital of Offshore and on 27 September 1982 the firm sold these shares which realised the sum of \$37,171.30. This reduced the amount owing by Brinds to the firm to \$1,426,658.70.

7. ON 30 September 1982 I attended a meeting with Mr. Jackson, Mr. Ganke and Mr. Tosio. During the course of that meeting Mr. Jackson and I had a conversation with Mr. Ganke in or to the following effect:-

20

Mr. Jackson said:- "Not only have you not paid your debt or told us how you will pay it but your actions have caused our main security for the Offshore shares to be suspended. We have stood behind Offshore and you for many years and you're behaving badly towards us."

Mr. Ganke replied:- "I believe we should get Offshore reinstated today."

I replied:- "Offshore has been suspended because

30

of your failure to respond to the stock exchange inquiry which you had to reply to by 10.00 a.m. on 28 September. You have taken advantage of Adler's departure and behaved in a way which is detrimental to the majority of shareholders in Offshore. You've promised us money on many occasions, nothing has been forthcoming, where is it?"

Mr. Ganke responded:- "You let me know what you are prepared to accept and I will consider it."

10 I replied:- "We require your personal guarantee."

Mr. Ganke responded:- "I will consider it."

I then said:- "It is up to you to inform us how you will repay us and we require you to do this forthwith. I believe Brinds is insolvent and I know that Offshore has delivered notices under section 364 of the Companies Code to Brinds."

Mr. Ganke said:- "They've been withdrawn."

20 I replied:- "It does not matter because there is a debt of \$1.4 million due to us on 17 September and Brinds is patently insolvent because it cannot pay the debt."

Mr. Ganke replied:- "If you petition to wind up Brinds you will probably get nothing. If you give me time we may all be O.K."

Sworn at Sydney 2nd March, 1983.

No.45
Affidavit of
Bruce Gordon
Jackson
2nd March 1983

AFFIDAVIT OF BRUCE GORDON JACKSON

I, BRUCE GORDON JACKSON of 25 Bligh Street, Sydney in the State
of New South Wales, Stock and Sharebroker make oath and say as follows:

1. I am a Partner in the firm of Jackson Graham Moore and Partners, Stock and Sharebrokers, and am duly authorised by the firm to make this affidavit on its behalf. I depose to the matters hereinafter set forth from my own knowledge save where otherwise indicated.
2. On Wednesday 15 February 1983 Mr. Boris Andrew Ganke who I know to be the Chairman and Managing Director of Brinds Limited telephoned me at approximately 12.45 p.m.
Mr. Ganke said to me:

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"Have you given consideration to paying the call on Southern Cross shares which you hold as security for the Brinds debt?"

I replied:

"I am not prepared to outlay any more money as I cannot convince myself or my partners that we would not be throwing good money after bad."

Later in the conversation Mr. Ganke said to me:

"Will you be prepared to advance money to pay the call?"

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I replied:

"We are up to our necks as far as loans to your group are concerned and we are not prepared to do any more."

Mr. Ganke replied:

"Southern Cross is worth considerably more than current market price. A French company have offered us one million dollars for the lease."

I said:

"Which lease, the WA64P interest?"

Mr. Ganke replied:

"No, the area up in the Bonaparte."

I said:

10 "How can we be sure that the money we pay to Southern Cross will not be utilised to pay Brinds' other debts. When are we going to be paid? You have still not come up with any repayment proposals since the deferred delivery contract fell due on the 17th September. We have not been pushing you because we felt that we would be able to realise perhaps up to one million dollars over and above the asset backing of the listed subsidiary companies for back door listings but you will not give us sufficient details about the
20 companies financial affairs to enable us to negotiate on your behalf".

Mr. Ganke said:

"This is not true".

I said:

"Well we have gone over this before and I can only relate to you the comments I have had back from people with whom we have had discussions. I went to the Chapman's meeting yesterday where there were four resolutions to ratify the moratorium arrangements you have with FAI and to authorise the making of

In the Supreme
Court of
Victoria

No.45
Affidavit of
Bruce Gordon
Jackson
2nd March 1983

(continued)

loans to other companies within the group. Jim Kippist was not prepared to move the motions ratifying the loans although he did move all of the previous three motions."

Mr. Ganke replied:

"The motions were necessary to approve inter-company arrangements which have been in existence for several years. We did not want there to be any unauthorised loans to directors or their companies. Brinds has been the merchant banking arm of the group for 15 years and it has operated well. We have agreed that it worth probably twenty-five million in assets and has liabilities between twenty to twenty-five million dollars depending on how you value certain items".

I said:

"I cannot accept that statement. What can you do as far as repaying us is concerned?"

Mr. Ganke replied:

"I have been able to rearrange some of our affairs and I can give you approximately One hundred thousand dollars of extra security if you are prepared to pay the call. Of course I will have to get Mr. Macintosh's permission before I can do this."

I said:

"We are not prepared to put in any more money and you have treated us very badly because we have not pushed our position as hard as we should have."

Mr. Ganke replied:

"No one expected the stock market to collapse like it has with the result that we are not in a position to pay you. Can't you see by paying this call you are

protecting your security."

I replied:

"Boris your credibility has become suspect and we
are no longer prepared to help."

Sworn at Sydney the 2nd March, 1983.

AFFIDAVIT OF BORIS ANDREW GANKE

Affidavit of Boris
Andrew Ganke
14th March 1983

I, BORIS ANDREW GANKE of 82 Elizabeth Street, Sydney in the State of New South Wales Company Director MAKE OATH AND SAY as follows :-

1. I am Chairman of Directors and Managing Director of Brinds Limited and depose as to the matters hereinafter set forth from my own knowledge save where otherwise indicated.

1. The issued capital of Brinds Limited (hereinafter called "Brinds") is 2,619,075 shares each of 50 cents. I hold about 45% of such issued capital fully paid. The balance of issued capital is held by approximately 350 other shareholders.

3. I refer to the Order of Master Jacobs made herein on the 17th day of February, 1983 and to the Affidavit in Support of the Petition herein and to the Affidavit of Alexander Robert Mackay Macintosh sworn the 14th day of February, 1983 and filed herein and the exhibits therein mentioned and say that I verily believe that for the reasons hereinafter set out the procedures employed and material submitted to obtain the appointment of a Provisional Liquidator constitute an abuse of the process of this Honourable Court. 10

4. BRINDS has assets which exceed in value the amount of its liabilities and the appointment of a Provisional Liquidator, I believe, was sought by the Petitioner not because it had any fear that the assets of Brinds would be wasted or disposed of or that creditors would be placed at risk pending the hearing of its Petition to wind up that company but rather with the sole object of causing loss of public confidence in Brinds and of rendering it difficult if not impossible for it to so legitimately arrange its affairs as to be in a position to meet current liabilities as they fell due in the period between the appointment of the said Provisional Liquidator and the return date of that petition; that is to create artificial circumstances to bolster up the contentions of the Petitioner on the hearing of its Petition. 20

5. ALTHOUGH incorporated in Victoria, Brinds conducts its business from headquarters in Sydney in New South Wales. It functions as a Merchant Bank for a group of Companies for which it provides both financial and management services. In most but not all of those Companies, Brinds holds all or part of the issued shares. The wholly owned subsidiary companies are :-

Bonds and Securities (Trading) Pty. Limited and August Investments Pty. Limited, both of which are traders in listed company shares; Bonds and Securities (Nominees) Pty. Limited which is an investment

10 Company and acts as nominee for other investors;

Investment Trust Limited, which is an investor in listed company shares; and Micrae Mining Investments Pty. Limited which is a small exploration Company.

Brinds has substantial shareholdings (of more than 50%) in the other companies in the Group. They are:-

Alexanders Securities Limited (an investment Company listed on the Brisbane Stock Exchange); Chapmans Limited (a property and investment company); and Acron Pacific Limited (a building and land development company) both listed on the Sydney Stock Exchange; and Southern

20 Cross Exploration N.L. - a petroleum and general mining exploration Company with interests in various Australian states, up to the eve of the forfeited share auction viz, 17 February, 1983.

6. BRINDS has interests in other Companies with overseas activities.

7. PRIOR to 30th June, 1982, Brinds and/or its subsidiaries owned a 30% interest in Offshore Oil N.L. (hereinafter called "Offshore") a public Company listed on the Australian Stock Exchange with a paid up capital of about \$25,000,000. Following a placement to FAI Insurances Limited (hereinafter called "FAI") and a new share issue, Offshore's paid up capital rose to about \$38,000,000. After the sale of certain shares by Brinds and its connections on the 1st July, 1982 the said 30% interest in Offshore was reduced to 14%.

The said sale was made to FAI of whose Board of Directors one Lawrence J. Adler is Chairman and who thereupon became Chairman of the Board of Directors of Offshore.

8. I believe the said Adler to now be bitterly hostile to me both personally and in business. Between August and December, 1982, the said Adler and I have been opposed to one another in four major law suits in the Supreme Courts of New South Wales and of the Australian Capital Territory. I say the present winding up Petition against Brinds and the appointment of a Provisional Liquidator is not bona fide but rather another step in furtherance of the contention between us.

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9. SOME years prior to 1980 and in consequence of a general request made to me by the said Adler (arising out of casual commercial contact with one another) I offered him a share in a syndicate then being formed to purchase shares in Offshore. He declined the opportunity but later when the shares appreciated substantially and would have shown him a 600% to 700% profit on his investment he told me he should have decided otherwise. At that time the said Adler informed me his real interest was in insurance and lending money and invited me to make use of his services if the occasion arose. In fact, Brinds or its associated companies obtained several loans from Adler companies between 1978 and 1980. In the case of each loan the Adler Company lending required that it be given shares as security and that these securities be increased in number if the value of shares dropped so that ratio between moneys lent and securities provided will be maintained.

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10. IN or about May 1982 I approached Adler to obtain further loan funds from his company for various purposes of the Brinds Group. The said Adler and I discussed matters - Adler stated he had no interest in acquiring an interest in Offshore but that he was interested in

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lending money at high rates, and was prepared to continue providing future support to the Brinds Group if we came to agreement. I told Adler and he well understood his statement was of special significance to me inasmuch as neither I nor Brinds would be prepared to seek loan moneys from any lender which had or might conceivably have an interest in directly acquiring the shares in Offshore that were the security being offered for the loan. The said Adler had earlier invited me to stay with him for loan funds as he stated I would find him a more sympathetic lender than, say, a conventional banking institution. The loan was made by Adler's company on the basis referred to in Paragraph 9 hereof that is that if the value of the security - the Offshore shares - fell, the number of shares lodged by way of security would proportionately increase.

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11. IN June, 1982 the market value of Offshore shares dropped to about 13 cents. On 23rd June, 1982 Adler contacted me and required either that his companies' loans be paid back before 30th June, 1982 or preferably that they be given a 20% shareholding in Offshore. He refused to accept an increase in the securities held. Adler had not previously called a default when share prices had dropped.
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- At that time Offshore was engaged in building a drill ship in Hong Kong and in Offshore drilling exploration of the West Barrow Number One well in Western Australia as part of a consortium. The market drop in shares while having no direct effect upon the viability of Offshore's working projects nevertheless affected its capacity to replace existing loans because of the sensitivity of the market to matters relating to exploration companies. In Offshore's interests I therefore reluctantly agreed on a sale of Offshore shares to Adler's company as he demanded. In return for my so agreeing Adler agreed to provide Offshore with additional loan funds totalling
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- \$5,000,000 by 5th July, 1982.

12. AN immediate result of Adler's share acquisition in Offshore on 1st July, 1982 was for him to become Chairman of its Board of Directors. He set about making drastic changes in the policy and operation of Offshore without, as I verily believe, taking the trouble necessary to inform himself adequately on the matters involved. His undertaking to immediately provide Offshore with further loan funds of \$5 million dollars by 5th July, 1982 was not honoured.
13. IN the month of August, 1982 disputes at Board level took place between Adler and myself in the conduct of Offshore's affairs. In particular, I was deeply concerned because Brinds had nursed the fortunes of Offshore for several years with the object of ensuring that its expenditure could eventually be set against income in the profit making years in the best interest of investing shareholders. The said Adler then commenced holding Board meetings of Offshore upon unreasonable notice to me or other Directors who disagreed with him. 10
14. AS a result, when the Board discovered he had not obtained a shareholding qualification, proceedings were instituted in the Supreme Court of the Australian Capital Territory to have him removed as a Director. Adler and FAI instituted cross proceedings. Both were dealt with on an interim basis in the course of which Mr. Justice Shepherd proposed as a form of compromise and the parties agreed that an independent Chairman be appointed until a detailed compromise or settlement could be worked out between the factions on the Offshore Board. 20
15. TO demonstrate its impartiality Brinds allowed the Solicitors for Adler and FAI to nominate as the independent Chairman Alexander Robert Mackay Macintosh, a senior liquidation partner in the firm of Peat Marwick Mitchell & Co.
16. IN the meantime the said Adler had acquired more shares in Offshore and the various actions remained on foot.
17. THE said Macintosh on taking office proposed a time schedule for the discharge of indebtedness by Brinds to Offshore over a reasonable 30

period. Difficulties were early encountered because Offshore through Adler wrongly maintained that certain monies were due by Brinds and its subsidiary companies to Offshore on demand when, in fact, they were not so due. The earliest were due in August and September, 1983 and the remainder not until later.

10 18. IN the interests of reasonable compromise, negotiations to produce a Moratorium document were conducted by the said Macintosh who although then Chairman of Offshore acted as go-between from Offshore to Brinds. The negotiations lasted for several weeks over October and November, 1982. Sixteen drafts of a proposed Moratorium Deed were produced. Towards the end of the lengthy period of drafting and re-drafting the Moratorium Deed, I informed Macintosh that it would not be possible to provide accounting figures for the period July 1st 1982 to September 30th 1982.

20 The said Macintosh ultimately stated "I will extend the time for you as Examining Accountant for as long as is necessary and once the December, 1982 figures are available the September figures will be history". An appropriate clause - Clause 37 - was then written into the Moratorium to give Macintosh the necessary power and the Moratorium Deed was executed on the 25th November, 1982. Although the said Deed provided for confidentiality, the said Adler immediately disclosed its contents to the financial and general Press in Sydney. A copy of the said Deed is Exhibit A to Macintosh's said Affidavit.

30 19. THE said Macintosh was in and out of the offices of Brinds and Offshore for the next seven days devoting his time to preparing (as the outgoing Chairman) for the Annual General Meeting of Offshore which was held on 3rd December, 1982. In consequence of actions commenced earlier by Adler, a hearing by the National Companies and Securities Commission also took place on 2nd December 1982 into the affairs of Offshore and FAI's role in underwriting. Preparation for that hearing substantially took up a great deal

of time of Brinds accounting staff and its other officers. In that period I remained Macintosh it was essential for us to meet as soon as practical to settle on a modus operandi between him and Brinds so that the Moratorium could be successfully implemented as intended. He agreed and told me he would contact me as soon as possible.

20. DESPITE so agreeing, Macintosh left for Noumea on 4th December, 1982 apparently for a holiday. Brinds had interests in Fiji which required my personal attention. I ultimately contacted Macintosh in Noumea; whilst he was aware of my going to Fiji, he refused to take the opportunity to come to Fiji and acquaint himself first hand with the situation there. I again told him of the need for the required meeting; he agreed and said he would contact me on my return to Australia. On my return to Australia, on 15th December, 1982 I made several telephone calls to contact the said Macintosh at his office to arrange a meeting but without success. Eventually I received a message from the said Macintosh that he would see me after Christmas. Instead of Macintosh attending at Brinds his assistant, one Charles Fear, was in more or less daily attendance. It soon became obvious he was concerned with the detail of accounting procedures rather than the conduct of the company's activities or the policy on which the conduct was based or with any important decision making process.

21. ON 21st December, 1982 Macintosh rang me to advise that he had failed to obey a requirement of Southern Cross Exploration N.L. hereinafter called "Southern Cross" - (which Brinds managed) to make a payment of approximately \$300,000 which he (Macintosh) was holding specifically for Southern Cross' contribution to a consortium in WA-64-P (an offshore Permit in Western Australia) which was engaged in oil drilling operations. Because the payments

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were late, Offshore (of which Macintosh was no longer Chairman) told Macintosh that the money would not be accepted and in consequence Southern Cross' interest in the said consortium could be forfeited to Offshore. Although Southern Cross objected, Macintosh declared he would nevertheless hand over documents transferring that interest to Offshore. It became necessary to issue proceedings in the New South Wales Supreme Court to prevent him doing so. These proceedings were successful. Judgment was handed down on 28th February, 1983 by Mr. Justice Needham. During these proceedings, on 24th December, 1982 at Court and again on 31st December, 1982 likewise, I spoke to Macintosh who assured me each time that we could get together in the New Year on matters relating to the conduct of Brinds generally under the Moratorium as previously requested.

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22. I crave leave to refer to the Affidavit of the said Macintosh sworn the 14th day of February, 1983 and filed herein and the exhibits therein referred to. The letter of 30th December, 1982 from Brinds to Macintosh was written because of Macintosh's failure to meet as requested and promised, because of his early failure to honour his early undertaking to give necessary time to comply with the Moratorium Deed requirements, and because the actions of his assistant, Fear, were making it increasingly clear to me and my senior staff that whether then intended or not, the Examining Accountant was preventing the Moratorium Deed from working as planned. The said Fear was continuously on Brinds' premises, and of necessity precluded staff from doing other work as his requirements were given priority at all times. I am informed by one Martin Tosio, the senior accountant employed by Brinds, and verily believe that Fear was informed in early December, 1982 his (or Macintosh's) approval was urgently required for procedures to be adopted and expenditures authorised to set up the system necessary to give periodic accounting

material required under the Moratorium Deed. This required decisions to be made on the adoption of computer accounting, in which the said Fear was fully involved and which was not determined until Friday, 24th December, 1982. The said Macintosh did not inform himself about these matters until after 12th January, 1983.

23. BECAUSE the promised meeting had still not been arranged by Macintosh, I wrote him a letter on 4th January, 1983. His reply to that letter and the earlier one of 30th December, 1982, although dated 12th January, 1983, was not received at Brinds until Friday 14th January, 1983. As to the sixth paragraph of the letter of 12th January, 1983, I say that the meetings therein referred to were not held only because the said Macintosh had failed to make himself available for purposes of Brinds and other debtor companies taking necessary action under the Deed, because he had failed to keep promises to meet with me as Brinds representative, because he failed to take into account the necessity for his firm's solicitors to approve the necessary notices, and because his assistant, the said Fear, failed to deliver to him various notices in time for meetings to be called as scheduled.

24. AS to the balance of Macintosh's said letter, I became alarmed as it was the first indication I or Brinds had received from him that he was not prepared to give the necessary time to provide material as he had promised and without which he well knew Brinds would not have executed the final draft of the Moratorium Deed, or that he had any cause for dissatisfaction on other matters. Accordingly, I then made sustained efforts to contact the said Macintosh who ultimately agreed to hold the meeting earlier promised. It took place at 5.30 p.m. on Friday 21st January, 1983 with both the said Macintosh and the said Fear. Macintosh agreed the meeting should have taken place at least a month earlier, and, if it had, he would not have made the complaints he had. He agreed that Brinds

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had been partly misled by what had not happened and that various time limits currently set were unrealistic or impossible. He agreed to give further time which was to be re-arranged on Brinds' further representations. Various other procedural matters were discussed at this meeting, and, generally, Brinds agreed to process matters in whatever form or detail the said Macintosh then indicated.

10 25. NOTWITHSTANDING the apparent amity exhibited by the said Macintosh at the meeting last referred to, and notwithstanding Clause 1.A.(i) and (ii) of the Moratorium Deed, the said Macintosh thenceforward refused Brinds' permission to protect its asset in some 20 million contributing shares in Southern Cross. That conduct was one of the reasons for my letter of 2nd February, 1983. I say further that the said Macintosh (inasmuch as he was made by the Moratorium Deed the agent of Brinds) owed Brinds as such agent a clear duty to bring to its attention any matter in existence or intended known to him to be detrimental to Brinds and in particular not to act in secret in matters which could only harm Brinds. Macintosh's letter of refusal dated 25th January, 1983 was not delivered to Brinds until 27th January, 1983. On the 26th January, 1983, however, Macintosh sent 20 Brinds a telex which disclosed he had detailed knowledge of the negotiations I was currently conducting to effect a sale of the Southern Cross shares and which knowledge effectively robbed me of any capacity to bargain on either price or conditions. I was later informed by one Stephen Robert Anstice of 2 Castlereagh Street, Sydney, and verily believe that, although not known by me, the purchase of Brinds' said Southern Cross shares by the negotiating parties was dependent on them also purchasing Southern Cross shares from the Adler interests and which Adler was desirous of selling at 8 cents per share. The sale fell through because of 30 Macintosh's imposition of conditions and interference with negotiations,

and prevented me from immediately seeking another buyer elsewhere. Subsequently, I later became aware from conversation with the said Tosio, and I verily believe, that after receipt of Adler's letter of 13th January, 1983 to Macintosh, Fear had informed Tosio on two separate occasions that Fear and Macintosh believed Adler would insist on bringing the Moratorium Deed immediately to an end and on another occasion that they were fearful Adler or his Company would issue writs against them or their firm for their handling of matters under the Moratorium Deed in any way with which then or later Adler might choose not to agree or approve. The said Macintosh had reason also to be increasingly apprehensive that, if the judgment awaited from His Honour Mr. Justice Needham was in favour of Southern Cross (apart from opening up a claim for damages against him and/or his said firm), it would be increasingly difficult for him to placate Adler and still honour his undertakings earlier to me. I verily believe that the said Macintosh, having been forced at last to have the meeting with Brinds on 21st January, 1983, thereafter engaged on a course of putting things in writing which he was not prepared to say in any personal encounter, and thereby deliberately laid the ground for terminating the Moratorium Deed and assisted Offshore and Adler in preparing for winding up proceedings against Brinds. In my experience, liquidation proceedings do not normally command best prices for assets, and that it is customary for liquidators themselves to play only a supervising role while staff simply collect and list assets and liabilities. Views of management are not listened to because management has supposedly failed and committees of inspection usually play no effective role. I say that the said Macintosh from the time he was appointed Chairman of Offshore (intended to be a mediatory role) seemed increasingly unable to conceive of his tasks especially under the Moratorium Deed as different in any way from liquidation. I say in consequence that the said Macintosh

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by neglect or misconception during the period from 25th November, 1982 to approximately the middle of January, 1983 and by duplicity thenceforward has ensured and contrived that the Moratorium Deed was rendered ineffective and Brinds prevented from obtaining the benefits thereof. Inasmuch as Brinds and/or its associated companies have actionable claims for damages against the said Macintosh and/or his said firm it is unjust and inequitable for any liquidator to be appointed from that firm.

10 26. AS to paragraph 4 of the Macintosh affidavit, I therefore say that Macintosh has not been hampered in the performance of any duties by any failure of the officers of Brinds, but by his failure to attend the office of Brinds and to hold discussions and receive information.

20 27. FURTHER I say that Macintosh at no time gave any indication that he proposed to deliver an opinion as is referred to in his Affidavit of the 10th February, 1983 and in fact led Brinds to believe that he proposed to meet its Directors in his capacity as Examining Accountant as time would permit him to do so later during that week. In no way did he indicate that anything had changed in respect of the Deed or that there was no point in proceeding with any of the various Company meetings which were held on the 15th February, 1983.

28. AS to paragraph 6 of the Macintosh Affidavit, I say that Macintosh in his capacity of Examining Accountant did not have one single discussion with me as the Managing Director of Brinds as to its ability to repay its debts, and has not taken any reasonable steps to inform himself adequately.

30 29. AS to paragraph 7 of the Affidavit of Macintosh, I say his statements are either intentionally false and misleading, or that he has failed completely to grasp a substantial point in issue between Offshore and Brinds. The conversation referred to was prior to the date of the Moratorium Deed. While negotiations were heavily

in hand, I told Macintosh Brinds would not pay Offshore certain moneys which Adler wrongly claimed to be already due but that it would pay them when they were due. Macintosh and I then discussed the balance sheet value of Offshore shares and agreed 20 cents was a fair assessment. This same figure and that discussion was taken into account in fixing safe "deemed" values for the purpose of the Moratorium Deed. It was also tentatively agreed between Macintosh and myself that Offshore shares should not be sold until towards the end of the Moratorium period and so enable the anticipated market rise to take place. At 15 cents per share, the total value of the Offshore share holding of Brinds and its group was approximately \$7,500,000. Based on long experience of operating in the share market, I say that a holding which is in excess of 10% in a company such as Offshore can be placed with institutions at a price which would be more commensurate with the asset backing of the shares which is in fact 20 cents per share. 10

30. AS to paragraph 8 of the Macintosh Affidavit, I say that, Macintosh had no proper basis on which to form his conclusion that the cost of operating Brinds, including three subsidiaries, for the first six months of 1983, would amount to \$599,000 or that the cost for Brinds alone would amount to \$308,000. Both Chapmans Limited and Alexanders Securities Limited were intended to be and were put up for sale - 20
Chapmans by tender and Alexanders by general advertisement.
The appointment of a Provisional Liquidator has for the time being effectively stopped any sales from taking place other than at give away prices. On past experience and on enquiries received, both Chapmans and Alexanders could have been sold to advantage and enabled the repayment of most of the liabilities of Chapmans and all of Alexanders. As a result, Brinds would have then been in receipt of between \$7 - \$9 million. These funds would have then been used to repay secured creditors and thereby reduce the interest bill of Brinds. The intentions of the Moratorium Deed was for such 30

sales to take place. Furthermore, despite Macintosh's assertion to the contrary, Brinds provides management and merchant banking services to various other group companies and has income of approximately \$250,000 every six months from those sources. Macintosh's reliance on the so-called draft figures referred to in the said paragraph 8 and the said Fear's summary thereof to form opinions is unreasonable. They were produced on the sudden demand of the said Fear who did not say for what purpose but did say, as I am informed by the said Tosio and verily believe, "any figures at all will do at this stage" and who well knew they were imperfect and required correct adjustment.

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31. AS to paragraph 9 of the Macintosh Affidavit, I say that Macintosh made no investigations and that in asserting Brinds and debtor companies are insolvent he has included debtor companies' liabilities with Brinds' on balance sheet figures but not included their assets with Brinds' assets.

32. AS to paragraph 10 of the Macintosh Affidavit, I have already deposed to the circumstances whereby the said Macintosh undertook to provide necessary times to produce accountancy material. I deny that Macintosh asked me on a number of occasions to provide him with up-to-date financial information other than in general terms.

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33. AS to paragraph 12 of the Macintosh Affidavit, I say that the small amount of cash being generated as claimed by Macintosh was simply because Brinds had not as yet established a clear modus operandi especially as no meeting could be held with Macintosh. Brinds and other debtor companies had unencumbered assets in excess of \$1 million available for sale on the open market to meet normal on-going expenses and provide funds for those transactions required to protect assets by such actions as rolling over of bills, payment of mortgage interest and calls on shares. Permission was refused by Macintosh without any attempt to ascertain what would be the consequences.

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34. AS to paragraph 12 of the Macintosh Affidavit, I say that he was well aware the shares of Offshore were expected to increase in price within six to twelve months, after Offshore re-established its position as a serious explorer and producer of oil and gas with a profitable history. Further, I say that Offshore had some of the best exploration acreage in Australia including a major 20% interest in the area known as South Pepper and more than a 30% interest in the area known as West Barrow. These areas are highly regarded by the exploration industry and are capable of being farmed out on very advantageous terms, if farming out is at any time considered necessary. 10
35. AS to paragraph 13 of the Macintosh Affidavit, I say that I have submitted only two proposals to Macintosh and they were for the basic protection of existing assets prior to sale. One proposal was to pay the call on shares in Southern Cross Exploration N.L., which as later transpired Macintosh already knew were saleable for at least 8 cents per share after paying the 5 cents call. Macintosh had, as above deposed, previously placed the value of those shares in jeopardy by failing to make Consortium payments on the due date although holding money for the purpose. 20
36. AS to paragraph 14 of the Macintosh Affidavit, I say that Southern Cross was not one of the debtor companies and, further to matters already deposed to, in addition to assets in WA-64-P, Southern Cross had two other valuable exploration areas worth approximately \$5 million. Also, its subsidiary companies had unencumbered real estate with a market value of approximately \$1 million.
37. IN reply to paragraph 15 of the Macintosh Affidavit, I say that the proposed Gulf Resources transaction would have the result that, for an outlay of \$.5 million approximately, liabilities owed by Brinds 30

would have been reduced by \$3 million approximately, with consequential diminution in interest accruals. The said Macintosh could not be placed in a position to understand the purpose and value and ramifications of the transaction without an exhaustive briefing in conference which he refused.

10 38. AS to paragraph 17 of the Macintosh Affidavit, I say that the said Fear attended Brinds' offices almost on a daily basis and was informed most fully of all the matters of what was occurring in the debtor companies, as was required under the Deed, and at no time was it suggested or was Brinds given cause to believe that the said Fear was not relaying the same to the said Macintosh. It is untrue to say the said Fear was not fully informed or that it was necessary to make repeated requests for information or that they were made.

39. I crave leave to refer to the Affidavit of the said Fear sworn the 17th February, 1983, and filed herein.

20 40. AS to paragraph 3 of the Affidavit of Fear, further to what I have deposed in paragraph 23 hereof, I say that the 14th February, 1983 was one day before the Extraordinary General Meetings of the major debtor companies to approve and ratify the appointment of Macintosh as Examining Accountant. The said Fear knew that these meetings were being held and he was invited to attend but did not.

41. AS to paragraph 4 of the Affidavit of Fear, I reject the conclusions made by Fear regarding the current assets and current liabilities of Brinds, more particularly as Brinds shows investments in shares in public listed companies separately. These listed shares are readily realisable and therefore should be added to the current assets.

30 42. AS to paragraph 7 of the Affidavit of Fear, I say that there was no discussion whatsoever about an additional \$60,000 security to a second creditor of Alexanders Securities Limited. The transaction

of Alexanders was already comprehensively covered by previous correspondence.

43. AS to paragraphs 6, 7 and 8 of the Affidavit of Fear, I say that the said Fear acted to relieve the said Macintosh from the burden of carrying out his duties as Examining Accountant under the Moratorium Deed rather than to assist him in the actual performance of them, that the said Fear either did not convey all information made available to Macintosh or did not convey it correctly, that the said Fear did not address himself to matters of policy and purposes but concentrated on minutiae and "petty cash" type accounting matters, and at no time placed himself in a position where he could properly form a correct over view of the affairs of Brinds and the debtor companies or advise Macintosh on them. 10

44. I crave leave to refer to the Affidavit of Kenneth George Wilshire (hereinafter referred to as "Wilshire") and sworn the 16th February, 1983, and filed herein in support of the Application for the appointment of a Provisional Liquidator.

45. AS to paragraph 10 of the Affidavit of Wilshire, I say that an original of a Deposit Variation Form was sent to Offshore and I know it was received by Offshore while I was still a Director of Offshore. Further, I say that I have since seen it amongst the records of Offshore. The system adopted by Offshore was to keep all money market transactions in the accounts department in a special file. Before handing over the documents to Offshore after July, 1982 I saw the original document amongst letters acknowledging deposits and other matters relating to money market transactions. 20

46. AS to paragraph 12 of the Wilshire Affidavit, I say no injunction to restrain presentation by Offshore of any winding up petition against Brinds was necessary in 1982 because matters in dispute were settled by the said Moratorium Deed. None could be taken in 30

1983 because Offshore had previously contrived to lodge a Petition for winding up of Brinds and appoint a Provisional Liquidator on the day following its notice of termination of the said Deed.

47. AS to paragraph 18 of the Affidavit of Wilshire, I say if the Moratorium Deed is still operative then Offshore is precluded from making demands for payment now. However, if the Deed is inoperative then amounts claimed by Offshore are not due and payable immediately, and the earliest any such amount is due is August or September, 1983.

10 48. INASMUCH as the purpose of the Moratorium Deed was to sell or refinance assets, and the said Macintosh had effective powers over the actions of Brinds, the opinions sworn to by the said Wilshire and the said Fear and the said Macintosh on the need for a Provisional Liquidator are without foundation or merit. The facts are that the conduct of the Moratorium Deed arrangements by Macintosh prevented Brinds from carrying out the stated objectives of disposing of assets to best advantage and carrying on business. On pretext of breach of the Moratorium conditions brought about by that conduct, the said Macintosh has assisted the said Adler to terminate the Moratorium Deed.

20 49. HAVING regard to the nature and content of the Affidavits of Macintosh, Fear and Wilshire, instructions for the preparation of such of them as were sworn or ready for swearing on Monday, 14th February, 1983 must have been given much earlier in the previous week; as well as for the preparation of the Petition herein. Nevertheless, while such preparation was in hand, neither the said Macintosh nor the said Fear gave me or Brinds any notice of impending proceedings; nor of the pre-requisite steps to bring the Moratorium Deed to an end. The said Petition was filed without any prior notice on 17th February, 1983 and the application for appointment of a Provisional Liquidator made simultaneously ex parte in Melbourne and without notice.

The Press in Sydney was in possession of full information relating thereto immediately thereafter and representatives thereof so informed me the same night. Moreover, the notices of termination of the Moratorium Deed and the demands for payment respectively referred to in Wilshire's Affidavit of 16th February, 1983 were not delivered to Brinds until 4.55 p.m. and 5.25 p.m. respectively on the said 16th February, 1983 as the offices of Brinds were closing for the day.

50. IF the Moratorium Deed no longer applied Brinds would thereby be in a position to sell and/or deal with its assets to pay creditors as debts fall due, and to resist the false claim by Adler and Offshore that certain moneys are overdue to Offshore - to settle which dispute was a major reason for the Moratorium Deed being brought into existence. It is and I verily believe to prevent Brinds from following that course of action that the said Macintosh and Fear have deposed to an alleged need for the appointment of a provisional liquidator pending the hearing and dismissal of any Petition to wind up Brinds. 10

51. NOW produced and shown to me marked with the letters "GA 1" is a draft Profit and Loss Account and Balance Sheet of Brinds recently prepared by the said Tosio, made up to the end of the financial year ending 31st December, 1982. It discloses an excess of assets over liabilities in the amount of \$750,000 approximately. If there is no Provisional Liquidator of Brinds, and the Moratorium Deed is no longer applicable, Brinds is in a position, I verily believe, having regard to my long experience and expertise, and despite the harmful effects suffered by adverse publicity already, to arrange its affairs, sell assets and re-borrow and pay off creditors already due for payment, and satisfy other creditors as they become due. 20

52. I believe it is unjust and inequitable for the reasons above set out 30

for any liquidator to be appointed provisional or otherwise from within the firm of Peat Marwick Mitchell & Co., and I respectfully request the Provisional Liquidator herein be removed forthwith and no other appointment be made pending the hearing of the Petition herein.

Sworn at Sydney 14th March, 1983

In the
Supreme
Court of
Victoria

No. 47

No.47
Exhibit
"GA i"
Draft
profit and
loss
account of
Brinds Ltd.
for the
period 31st
December
1982

"GA 1." DRAFT PROFIT AND LOSS
ACCOUNT OF BRINDS LIMITED FOR
THE PERIOD 31ST DECEMBER 1982

This is the draft Profit and Loss Account and Balance Sheet
of Brinds Limited marked with the letters "GA1" produced and shown
to BORIS ANDREW GANKE at the time of swearing his Affidavit herein.

SWORN this 14th day of March, 1983

"GA 1"

BRINDS LIMITED
PROFIT & LOSS
FOR THE PERIOD 31.12.82

No.47

"GA 1" draft Profit and
Loss Account of Brinds
Limited for the period
31st December 1982
(continued)

INCOME

INTEREST RECEIVABLE OTHER	310347.00
INTEREST RECEIVABLE SUBSIDIARY CO(S)	573329.61
INTEREST RECEIVED OTHER	3137.96
DIVIDENDS RECEIVED OTHER	10083.37
MANAGEMENT FEES	555000.00
OTHER NON OPERATING INCOME	5500.00

EXPENSES

ADVERTISING	584.92
AUDITORS EMOLUMENTS AUDIT	2200.00
CONSULTANTS FEES (ADMIN)	12829.25
DIRECTORS EMOLUMENTS PARTTIME	3600.00
ELECTRICITY & GAS	339.58
ENTERTAINMENT	5820.42
GENERAL/MISCELLANEOUS EXPENSE	(157.31)
INSURANCE	2955.51
LEGAL EXPENSE ADMIN	12145.00
MANAGEMENT FEES PAYABLE	154100.00
PRINT & STAT NEWSPAPERS, BOOKS, COPYING	1279.39
POSTAGE TELEPHONE TELEX & TELEGRAMS	45156.10
RATES & TAXES, OTHER GOVT CHARGES	4669.03
RENT & OFFICE MAINTENANCE	13830.00
REPAIRS & MAINTENANCE	621.96
SALARIES & WAGES	102985.46
SECRETARIAL FEES	150.00
STAFF AMENITIES	1133.51
SUBSCRIPTIONS & DONATIONS	3496.56
TRAVELLING & MOTOR VEHICLE EXPENSE	22227.46
COMMERCIAL BILL FEES	45477.45
BANK CHARGES	1812.32
INTEREST PAYABLE OTHER	874967.77
INTEREST PAYABLE SUBSIDIARY CO(S)	985901.00
INTEREST PAID OTHER (SPECIFY)	715964.06
INTEREST PAID BANK	8862.93

1457397.94

NET PROFIT(LOSS) FOR THE PERIOD ENDED 31.12.82

3022952.33

1565554.39

DRAFT

"GA 1" draft Profit and Loss Account of Brinds Limited for the period 31st December 1982 (cont'd)

BRINDS LIMITED
BALANCE SHEET
FOR THE PERIOD 31.12.82

CAPITAL

ISSUED CAPITAL	1309537.50
ASSET REVALUATION RESERVE	1105550.00
CAPITAL PROFITS RESERVE	873740.64
SHARE PREMIUM RESERVE	4181.37
PROFIT & LOSS APPROPRIATION	(986800.25)
NET PROFIT (LOSS) YEAR TO DATE	(1565554.39)

SHARE CAPITAL & RESERVES

740654

REPRESENTED BY

FIXED ASSETS

LAND & BUILDINGS - FREEHOLD	600000.00
-----------------------------	-----------

INVESTMENTS

SHARES IN LISTED COMPANY(S)	3769698.61
SHARES IN OTHER COMPANY(S)	332824.51
SHARES IN SUBSIDIARY(S)	7598315.85
OTHER INVESTMENTS	11250.00

CURRENT ASSETS

CURRENT ACCOUNT - ANZ	337.33
CURRENT ACCOUNT - BNSW	(40278.51)
CURRENT ACCOUNT - CBC	(2478.29)
SHORT TERM DEPOSITS - OTHER	2074844.34
SUNDRY DEBTORS & PREPAYMENTS	12229.26
OTHER DEBTORS	164628.31
INTEREST RECEIVABLE OTHER	618844.00
INTEREST REC. - SUBSIDIARY CO(S)	1429103.03
ADVANCES TO SUBSIDIARY COMPANY(S)	3799067.34

20368385

LESS

NON-CURRENT LIABILITIES

CURRENT LIABILITIES

OVERDRAFT - ANZ*	101993.30
OVERDRAFT - CBA*	9729.16
BILLS PAYABLE	1200000.00
SHORT TERM LOANS OTHER UNSECURED	4715710.35
SHORT TERM LOANS OTHER SECURED	6274438.36

No.47

"GAL " draft Profit and
Loss Account of Brinds
Limited for the period
31st December 1982
(continued)

BRINDS LIMITED
BALANCE SHEET
FOR THE PERIOD 31. 12. 82

SHAREHOLDERS S T DEPOSITS UNSECURED	23750.00
LOANS FROM DIRECTORS S T UNSECURED	31350.00
AMOUNTS PAYABLE ON SHARES PURCHASED	1696658.70
SUNDRY CREDITORS & ACCRUALS	32486.19
INTEREST PAYABLE OTHER	2145442.00
INTEREST PAYABLE TO SUBSIDIARY CO(S)	1488107.00
DIVIDENDS PAYABLE OTHER	159.15
UNCLAIMED DIVIDENDS	9237.58
ADVANCE(S) FROM SUBSIDIARY CO(S)	1895529.12
PROVISION FOR INCOME TAX PAYABLE	3140.00

NET ASSETS

19627730.91

(740654.87)

No.48
Affidavit of
Martin
Anthony Tosio
14th March
1983

AFFIDAVIT OF MARTIN ANTHONY TOSIO

Sworn at Sydney 14th March, 1983

I, MARTIN ANTHONY TOSIO of 40 Provincial Road, Lindfield, in the State of New South Wales, Chartered Accountant, make oath and say as follows :-

1. I am a Chartered Accountant and am employed by Brinds Limited (Provisional Liquidator Appointed) ("Brinds") and depose to the matters hereinafter set forth from my own knowledge save where otherwise indicated. I have been the Group Accountant for Brinds since 1979.
2. I crave leave to refer to the affidavit of Alexander Robert Mackay Macintosh ("Macintosh") in these proceedings 10
sworn the 14th February, 1983.
3. AS to paragraph 4 of the affidavit of Macintosh, I say that adequate financial information was given to him or his assistant Charles Anthony Chandlin Fear ("Fear") sufficient for the purposes of the performance of his duties. Now produced and shown to me and marked with the letters "MAT 1" is a schedule of the information supplied to Macintosh or Fear. Problems of providing certain of the information required within the time frame of the Moratorium Deed (hereinafter called "Deed") and executed on the 25th November, 1982, were 20
anticipated in November, 1982, prior to the signing of the Deed. Clause 37 of the Deed was introduced into the Deed for the very purpose of enabling the Moratorium to work. To the extent that Macintosh did not grant reasonable latitude in this area as he had undertaken, problems were caused for him, and perforce for Brinds and its officers.

4. AS to paragraph 8 of the affidavit of Macintosh, I say
that he has ignored the distinction between income and cash
flow. Several discussions were held between Fear and myself
in December, 1982, about the preparation of a cash flow
information document. It was on Fear's directions that
only definite cash income items were to be recorded on
this document and that accrued income was excluded. Brinds
has accrued income being management fees and interest receivable.
Now produced and shown to me and marked with the letters
"MAT 2" is a schedule of income accrued during the year to
31 December, 1982. At all material times Macintosh was well
aware that certain assets would have to be disposed of to
finance the Moratorium Debtor's operations pending the day
when a more timely realization of the major assets of the
company would occur. Nothing material had occurred with
respect to any of the major company assets since the
commencement of the Moratorium Agreement and prior to the
date of Macintosh's affidavit.

10

5. AS to paragraph 9 of the affidavit of Macintosh, I say that
the assets and liabilities of Brinds were not as stated by
Macintosh. The said Macintosh has failed to take into account
Group assets in coming to his assessment of value, I say that
his assessment is entirely over pessimistic and unrealistic.
The values do not accord with balance sheet values as
hereinafter set out and I am informed by Mr. Boris Andrew
Ganke ("Ganke"), the Managing Director of Brinds, and verily
believe, having regard for my knowledge of the said Ganke's
experience in share trading, that properly handled, the
realisation of Brinds and Group assets should produce returns
equal to or higher than book values.

20

30

In the Supreme
Court of
Victoria

No.48
Affidavit of
Martin
Anthony Tosio
14th March
1983

(continued)

6. AS to paragraph 10 of the affidavit of Macintosh, I say that the time in which to prepare and finalize the accounts of December, 1982, was not reasonable and that the extension sought in which to produce same has been unreasonably withheld. To comply with the reporting requirements of the Moratorium Deed, it was decided to change from a system of manual preparation of accounting to that of a computerised system of accounting. This change required initially, the selection of a suitable computerised system. Four systems were examined and a selection was not made until Christmas Eve, 1982. This selection was jointly made by Fear and myself. The preparation of base data for the opening of ledger accounts as well as the preparation of all other information with respect to cash transactions in 1982 was completed in mid January and the information given to the outside Computer Bureau. To the best of my knowledge Fear, and therefore Macintosh, was aware of the progress of the change over and the general preparation of the data required for the preparation of the accounts, and at no time was any objection raised. 10

7. AS to paragraph 12 of the affidavit of Macintosh, I say that Macintosh's opinion denies the very basis of the Moratorium Deed which was operative at the time. This Deed established that the share in Offshore Oil would be deemed to have a value of 15¢. As at the date of the said affidavit the share price of Offshore Oil was less than 15¢, but nonetheless the net tangible asset value of the shares was in excess of 15¢. 20

8. AS to paragraph 15 of the affidavit of Macintosh, I say that he was unable to reconcile his role as an Examining Accountant with that of a liquidator, a role which he normally undertakes. 30

9. AS to paragraph 18 of the affidavit of Macintosh, I say that by agreement with Fear, the December 1982 accounts were the accounts to be produced first. Thereafter accounts for the period 1 July 1982 to 30 September 1982 were to be prepared. I further say that Macintosh's refusal to grant an extension of time in which to prepare December, 1982 accounts was unreasonable and, as I now verily believe, was made without reference to the decisions and directions of his deputy Fear which Brinds was required to obey. After receipt of Macintosh's letter of the 2nd February 1983, I phoned Fear and asked him whether he had made any contributions to that letter of February 2, 1983.

10

Fear said that he had not had anything to do with the preparation of that letter, was not consulted about it, and that he had been given a copy of the letter only after it had been delivered to Brinds.

10. I crave leave to refer to the affidavit of Fear in these proceedings sworn the 17th February, 1983. I first became acquainted with Fear in or about mid October, 1982, as Macintosh's assistant, during Macintosh's Chairmanship of Offshore Oil N.L. which was for the duration of 12 October 1982 to 3 December 1982.

20

11. I refer to paragraph 3 of the affidavit of Fear and say that I did not hand to Fear personally a copy of the draft balance sheet as at 31 December 1982 and the Profit and Loss accounts of Brinds for the period of 1 January 1982 to 31 December 1982 but arranged for these to be delivered to Fear's office, or for Fear to collect same from ours.

In the Supreme
Court of
Victoria

No.48
Affidavit of
Martin
Anthony Tosio
14th March
1983

(continued)

At no time did Fear tell me that Macintosh had delivered a purported opinion as to the termination of the Moratorium Deed, nor did he tell me that any application was being made or being prepared in relation to Brinds. Nor did he indicate that the said draft accounts would be used in proceedings for the appointment of a Provisional Liquidator to Brinds. I was well aware, of course, they were required in some way for purposes of the Moratorium Deed and Fear said they were needed and any figures would be better than none.

12. AS to paragraph 4 of the affidavit of Fear, I say that the accounts submitted were in a draft form and that Fear was not in a position to form any opinion as to the nature or materiality of possible amendments. He never discussed the drafts or any amendments either with me or any member of my staff. The draft balance sheet referred to was one based on cash entries alone, apart from an opening balance sheet position amended by the reversal of some accrued expenses. Since the preparation of that draft balance sheet, approximately 100 journal adjustments, amounting to some \$28 million, have had to be made. Further, I say that a proper evaluation requires that most of the assets of Brinds would necessarily have had to be treated as current assets for the purpose of establishing the working capital of Brinds. Brinds was committed to repay all its liabilities over a period of 12 months by a process including the realisation or refinancing of such assets as were required for that purpose. The working capital position was not and is not as described by Fear.
- 10
20

13. NOW produced and shown to me and marked "MAT 3" is a copy of the presently drafted balance sheet of Brinds as at 31 December, 1982.

14. NOW produced and shown to me and marked "MAT 4" is a table of adjustments to the draft balance sheet referred to in the affidavit of Fear.

15. AS to paragraph 6 of the affidavit of Fear, I say that at no time was it ever suggested to Fear that Brinds and/or any other Moratorium Debtor was to spend up to \$1 million to pay the call on shares in Southern Cross Exploration N.L.

The liability of Brinds and other Moratorium Debtor companies was for the call on approximately 15 million shares, that is, some \$750,000. Subsequently, on 11 March 1983, Fear informed me that he was of the opinion that Macintosh would not have delivered his opinion which lead to the termination of the Moratorium Deed if the sale of Southern Cross shares had taken place. The refusal of Fear and/or Macintosh to protect Brinds' assets in Southern Cross (which were known to be re-saleable at a profit on a call paid basis) caused that asset to be lost. The appointment of a provisional liquidator has prevented the forfeited shares being retrieved at the later "forfeited share" auction.

16. ON at least two (2) occasions during the month of January 1983, Fear told me that they were of the opinion that the said Adler, the Chairman of Offshore Oil was determined to prematurely terminate the Moratorium Agreement, and on another occasion that they were concerned that the said Adler and the Moratorium Creditors would sue them if they (Fear and Macintosh) approved of any action by Brinds under the Moratorium Deed to which the said Adler later took exception.

No. 49
EXHIBIT "MAT 1"

SCHEDULE OF INFORMATION SUPPLIED
TO MacINTOSH OR FEAR

This is the schedule of information supplied to Macintosh or Fear marked with the letters "MAT1" produced and shown to MARTIN ANTHONY TOSIO at the time of swearing his Affidavit herein.

SWORN this 14th day of March, 1983

SCHEDULE

(continued)

1. PORTFOLIOS OF INVESTMENTS HELD FOR ALL DEBTOR COMPANIES
2. DRAFT BALANCE SHEETS AND PROFIT AND LOSS ACCOUNTS TO 31/12/82
3. CASH FLOWS
4. COMMERCIAL BILL SCHEDULES OF MORATORIUM DEBTORS
5. SCHEDULES OF INTER-COMPANY TRANSACTIONS AS BETWEEN MORATORIUM DEBTOR COMPANIES
6. PROGRESS REPORTS IN TERMS OF:
 - 6.1 REALISATION/REFINANCING OF ASSETS
 - 6.2 GENERAL REPORTS
7. WEEKLY LIST OF CHEQUES DRAWN
8. NOTICES OF ALL DIRECTORS MEETINGS

No. 50
EXHIBIT "MAT 2"

SCHEDULE OF INCOME ACCRUED TO BRINDS
DURING THE YEAR TO 31ST DECEMBER 1982

This is the Schedule of 1982 Accrued Income of Brinds Limited marked with the letters "MAT 2" produced and shown to MARTIN ANTHONY TOSIO at the time of swearing his Affidavit herein.
SWORN this 14th day of March, 1983.

BRINDS LIMITED

(continued)

SCHEDULE OF 1982 ACCRUED INCOME

	<u>Prepared 14 February Profit/Loss a/c</u>	<u>Prepared 1 March Profit/Loss a/c</u>	<u>Income Accrued December 1982</u>
Interest Receivable:			
- Other Companies	-	310,347	310,347
- Subsidiaries Companies	-	573,330	573,330
Management Fees:			
- Received	225,000	225,000	-
- Receivable		330,000	330,000
Other Income	19,671	18,721	(950)
	<u>244,671</u>	<u>1,457,398</u>	<u>1,212,727</u>

No. 51
EXHIBIT "MAT 3"

COPY OF PRESENTLY DRAFTED
BALANCE SHEET OF BRINDS
AT AT 31ST DECEMBER 1982

This is the copy of presently drafted balance sheet of
Brinds as at 31st December, 1982 marked with the letters
"MAT 3" produced and shown to MARTIN ANTHONY TOSIO at
the time of swearing his Affidavit herein.

SWORN this 14th day of March, 1983.

"MAT 3"

IFT 2 -
E 9.3.83

BRINDS LIMITED

DRAFT BALANCE SHEET AS AT 31.12.82

No.51
Exhibit "MAT 3"
Copy of presently drafted
balance sheet of Brinds
as at 31st December 1982
(continued)

	Issued Capital	1,309,537
	Asset Revaluation Reserve	1,105,550
	Capital Profits Reserve	873,741
	Share Premium Reserve	4,181
	Profit & Loss Account	(2,552,355)
	SHARE CAPITAL RESERVE	<u>740,654</u>
	 Represented by:	
10	Land & Buildings	<u>600,000</u>
	 INVESTMENTS	
	Shares in Listed Companies (including subsidiaries)	11,040,777
	Shares in other companies (" ")	660,062
	Other Investments	11,250
		<u>11,712,089</u>
	 CURRENT ASSETS	
	Cash at bank	337
	Short Term Deposits - other - including interest	2,693,688
20	Advances to subsidiary Companies(" ")	5,228,170
	Sundry Debtors, Prepayments & Projects	176,856
		<u>8,099,051</u>
	TOTAL ASSETS	<u>20,411,140</u>
	 Less: LIABILITIES	
	Bank Overdraft - Secured	154,478
	Bills Payable - Secured	1,200,000
	Short Term Loans - Unsecured (including interest)	6,861,152
	Short Term Loans - Secured (" ")	2,009,537
	Sundry Loans	55,100
	Shares Purchases -(Creditors)	1,696,659
30	Sundry Creditors & Accruals	32,486
	Liabilities to Subsidiary Compaies	7,648,537
	Other Liabilities	12,537
		<u>19,670,486</u>
		<u>740,654</u>

No. 52
EXHIBIT "MAT 4"

TABLE OF ADJUSTMENTS TO THE
DRAFT BALANCE SHEET REFERRED
TO IN THE AFFIDAVIT OF FEAR

This is the table of adjustments to the draft balance sheet referred to in the Affidavit of Fear marked with the letters "MAT 4" produced and shown to MARTIN ANTHONY TOSIO at the time of swearing his Affidavit herein.

SWORN the 14th day of March, 1983.

"MAT 4"

In the Supreme Court of Victoria
 No.52 Exhibit "MAT 4"
 Table of adjustments to the draft
 balance sheet referred to in the
 Affidavit of Fear (continued)

BRINDS LIMITED

SCHEDULE OF MOVEMENTS AS BETWEEN 1st & 2nd DRAFT BALANCE SHEETS

Bal. Sheet Item	Amounts per Draft balance sheet used by C A F.	Gross Adjustments		Net Adjustments	Amounts per amended draft balance sheet
		Debts	Credits		
Issued Capital	1,190,489		119,049	119,049	1,309,538
Asset Revaluation	1,224,599	119,049		(119,049)	1,105,550
Capital Profits	274,860		98,290	98,290	373,150
Share Premium	4,181				4,181
P & L Approp.	(986,800)				(986,800)
LESS	(595,406)			(948,115)	(1,543,521)
	1,111,923			849,825	262,098
Land & Buildings	600,000				600,000
Shares in listed	1,737,760	4,295,762	2,763,938	1,531,824	3,269,584
Shares in other	334,075		1,250	(1,250)	332,825
Shares in subs.	6,796,914	849,734	48,332	801,402	7,598,316
Future Membership	11,250				11,250
	9,479,999	5,145,496	2,813,520	2,331,976	11,811,975
ANZ	381		44	(44)	337
NSW	1,961,956		2,002,234	(2,002,234)	(40,278)
CBA	(1,465,590)	1,465,590		1,465,590	
CBC	2,935,784		2,938,263	(2,938,262)	(2,478)
Short Term Deposit	6,960,440	431,113	5,308,621	(4,877,508)	2,082,932
Sundry Debtors	(15,569)	27,947		27,947	12,378
Projects	164,628				164,628
Interest Rec. other	361,515	310,347	52,196	258,151	619,666
Interest Rec. subs.	991,673	573,330	135,900	437,430	1,429,103
Advances to subs.	(431,381)	5,719,003	1,488,555	4,230,449	3,799,067
Suspense	6,791	62,912	69,703	(6,791)	
	11,470,628	8,590,242	11,995,515	3,405,273	8,065,355
	20,950,627	13,735,738	14,809,035	1,073,297	19,877,330
Term Loans	3,000,000	3,000,000		3,000,000	
ANZ	105,656	3,187		3,187	102,469
CBA	2,947,992	2,938,263		2,938,263	9,729
Bills Payable	1,370,422	303,961	133,539	170,422	1,200,000
Short term loans					
Unsecured	3,951,362	2,447,047	3,211,395	(764,348)	4,715,710
Shareholder Deposit	23,750				23,750
Loans from-Direct	(18,650)		50,000	(50,000)	31,350
Amount Pay-Shares	556,645	573,816	1,713,830	(1,140,014)	1,696,659
Sundry Creditors	(320)		19,832	(19,832)	19,512
Interest pay. other	1,557,182	235,993	824,253	(588,260)	2,145,442
Interest pay. subs	1,086,186	583,980	985,901	(401,921)	1,488,107
Dividends Payable	(6)		165	(165)	159
Unclaimed Divid.	9,403	165		165	9,238
Adv. from subs.	5,245,942	4,490,106	1,139,693	3,350,413	1,895,529
Prov for Inc. Tax	3,140				3,140
Short term loans secured			6,274,438	(6,274,438)	6,274,438
	19,838,704	14,576,519	14,353,047	223,472	19,615,232
	1,111,923	28,312,257	29,162,082	849,825	262,098

AFFIDAVIT OF LENKA PAULER

No.53
Affidavit of
Lenka Pauler
15th March
1983

I, LENKA PAULER of 68 Berowra Road, Hornsby Heights of the State of New South Wales, Accountant, MAKE OATH AND SAY as follows:-

1. I have been an employee of the Brinds Group (hereinafter called "Brinds") and have been employed by the said Brinds almost continuously since December, 1974, as an Accountant.
2. PRIOR to June 30, 1982, the Brinds Accounting Department supervised and carried out the accounting functions for the whole group of companies including Offshore Oil N.L. (hereinafter called "Offshore").
3. I crave leave to refer to the affidavit of Boris Andrew Ganke 10
sworn the 14 February, 1983 and filed herein.
4. AS to paragraph 45 of the affidavit of Ganke, I say that I was the staff member who administered and kept most of the records of money market transactions including inter-company deposits.
5. MONEY was deposited by Offshore with Brinds on a number of occasions. On receipt of the deposits I would complete a document styled a Deposit Form. This document would confirm the transaction and state such matters as:- amount deposited; duration of deposit; and interest rate. 20
On completion of such a document it was my practice to either place it in the appropriate company tray or place the document in the appropriate company's money market transactions file. If there was any change in the original particulars recorded on the Deposit Form, say an increase or decrease in the rate of interest, I would usually complete a Deposit Variation Form and thereafter the same practice as above would be followed.
6. I recall that on a number of occasions I completed a Deposit Form and Deposit Variation Form for deposits received from Offshore.

No.53
Affidavit of Lenka Pauler
15th March 1983
(continued)

7. SOMETIME in August or September, 1982, Mr. Ganke asked me to look up the Offshore file containing money market records, which until about late September were kept in our offices. I recall looking through the money market file of Offshore in Mr. Ganke's presence. While so doing I recall sighting the forms which are referred to above and I believe that further photocopies of these forms were made. Further I say, I recall handing over Offshore's money market transaction file to one of Offshore's Solicitors - consultants a short time thereafter.

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Sworn at Sydney 15th March, 1983

AFFIDAVIT OF HARVEY GORDON SCOTT

No.54
Affidavit of
Harvey Gordon
Scott
15th March 1983

I, HARVEY GORDON SCOTT of 15 Toulon Avenue, Wentworth Falls in the State of New South Wales, Chartered Accountant - MAKE OATH AND SAY as follows:-

1. I am a Director of Gulf Resources N.L.(hereinafter referred to as "Gulf") and depose to the matters hereinafter set forth from my own knowledge except whee otherwise indicated.
2. I have practiced as a Chartered Accountant for the last 42 years.
3. I am also a Director of Alexanders Securities Limited (Group), Chapmans Limited (Group), subsidiaries of Brinds Limited (hereinafter referred to as "Brinds").
4. THE paid up capital of Gulf is \$5,100,100 made up of 25,500,500 shares of 20¢ each, fully paid.
5. I am acquainted with the business affairs and management of Gulf as well as the said subsidiaries of Brinds.
6. BRINDS has been a substantial shareholder of Gulf for more than ten (10) years and has provided satisfactory management, financial and merchant banking services for Gulf during that period.
7. I refer to the affidavit of Kenneth George Wilshire sworn the 16th February, 1983 and filed herein, and I say further that I know that Gulf also has an amount of \$3.3 million as an unsecured deposit with Brinds.
8. BASED on my knowledge and my experience in business, my knowledge of the operation of Brinds and of the operation of the share market as well as having analysed the final results of many compulsory liquidations, I verily believe

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No.54
Affidavit of Harvey
Gordon Scott
15th March 1983
(continued)

that the interests of unsecured creditors of this company will
be adversely affected by Brinds being put into compulsory
liquidation. I say further, that the satisfaction of debts
through the liquidation process will of necessity lead to
those assets being disposed of at less than true value and
therefore it is in the best interest of all creditors and
shareholders that Brinds be allowed to continue to carry on
business without the appointment of a Provisional Liquidator.

Sworn at Sydney 15th March, 1983

AFFIDAVIT OF LENKA PAULER

I, LENKA PAULER of 68 Berowra Road, Hornsby Heights of the State of New South Wales, Accountant MAKE OATH AND SAY as follows:-

1. I I crave leave to refer to my affidavit sworn the 15 March, 1983 and filed herein and in particular I refer to paragraphs 3 and 4 thereof, as well as to paragraph 7 thereof.

2. I I crave leave to refer to the affidavit of Kenneth George Wilshire sworn the 16 February, 1983 and filed herein and to the exhibits referred to therein.

3. FURTHER, I crave leave to refer to the affidavit of Boris Andrew Ganke sworn the 14 March, 1983 and filed herein and wrongly referred to as being sworn on the 14 February, 1983 in my aforementioned affidavit. 10

4. AMONG the forms referred to in paragraph 7 of my affidavit, there was the original of the Deposit Variation Form. The said form was also referred to in paragraph 10 of the affidavit of Kenneth George Wilshire and exhibited thereto and referred to in paragraph 45 of the affidavit of Boris Andrew Ganke.

5. THE said Deposit Variation Form was prepared by me in the performance of my said duties. 20

Sworn at Sydney 16th March, 1983

AFFIDAVIT OF JAMES BALFOUR KIPPIST

I, JAMES BALFOUR KIPPIST, of 26 Aston Street, Gladesville in the State of New South Wales Company Director MAKE OATH AND SAY as follows :-

1. I am the Chairman of Directors of Alexanders Securities Limited (hereinafter called "Alexanders") and depose to the matters hereinafter set forth from my own knowledge except where otherwise indicated.
2. I have been associated with the management of various companies, both public and private, for approximately the last 25 years.
- 10 3. FOR approximately the last 20 years, I have been associated with Alexanders and I am well acquainted with the business affairs and management of this company.
4. I am also a Director of Brinds Limited (hereinafter called "Brinds") and have been so for the last 5 years and am acquainted with its business affairs.
5. THE paid up capital of Alexanders is \$1,427,029, made up of 2,854,058-shares of 50¢ each, fully paid.
- 20 6. BRINDS has been a major shareholder of Alexanders for more than 15 years. Brinds has provided management, financial and merchant banking services for Alexanders during that period and they have proved to be satisfactory.
7. I refer to the Affidavit of Kenneth George Wilshire sworn the 16th February, 1983, and filed herein and I say further that I know that Alexanders has an amount of approximately \$2.7 million as an unsecured deposit with Brinds as well as an amount of approximately \$4.4 million as a secured deposit with Brinds.

In the Supreme
Court of
Victoria

No.56
Affidavit of
James Balfour
Kippist
16th March
1983

(continued)

8. BASED on my knowledge and my experience in business, my knowledge of the operation of Brinds and of the operation of the share market, I verily believe that the interests of unsecured creditors of this company will be adversely affected by Brinds being put into compulsory liquidation. I say further that the satisfaction of debts through the liquidation process will of necessity lead to those assets being disposed of at less than true value and therefore it is in the best interests of all creditors and shareholders that Brinds be allowed to continue to carry on business without the appointment of a Provisional Liquidator.

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Sworn at Sydney 16th March, 1983

AFFIDAVIT OF BRUCE GORDON JACKSON

I, BRUCE GORDON JACKSON of 25 Bligh Street Sydney in the State of New South Wales Stock and Sharebroker make oath and say as follows:-

1. I am a Partner in the firm of Jackson Graham Moore & Partners, Stock and Sharebrokers, and am duly authorised by the firm to make this affidavit on its behalf. I depose to the matters hereinafter set forth from my own knowledge.

2. ON Thursday 3 March 1983 I received a letter from Brinds Limited (Provisional Liquidator Appointed) signed by Mr. Ganke. Now produced and shown to me and marked "A" is a copy of that letter.

3. ON Friday 4 March 1983 I wrote a letter to Mr. Ganke in response to his letter referred to in paragraph 2. Now produced and shown to me and marked "B" is a copy of my letter.

4. SINCE 4 March 1983 I have had no discussions with Mr. Ganke concerning the aforesaid letters or the matters referred to therein.

Sworn at Sydney 16th March, 1983

No.58
EXHIBIT "A"

COPY OF LETTER FROM BRINDS LIMITED
(PROVISIONAL LIQUIDATOR APPOINTED)
TO JACKSON, DATED 3RD MARCH 1983

This is the exhibit marked with the letter "A" produced and
shown to BRUCE GORDON JACKSON at the time of swearing his affidavit.

Sworn 16th March, 1983

(Provisional Liquidator Appointed)
BRINDS LIMITED

In the
Supreme
Court of
Victoria

3rd March, 1983

WITHOUT PREJUDICE

No.58
Exhibit "A"
Copy of
letter from
Brinds Ltd.
(provisional
liquidator
appointed)
to Jackson
dated 3rd
March 1983
(continued)

Jackson Graham Moore
& Partners,
10 Spring Street,
Sydney N.S.W. 2000

Attention: Mr. Bruce Jackson

Dear Bruce,

Further to previous correspondence and our discussion yesterday,
I confirm the following:

- 10 1. You have been advised that a substantial payment would be made when the sale of our shareholding in Chapmans Ltd. and/or Alexanders Securities Ltd. would be effected - this is still valid and from the large number of parties that have made enquiries, there should be a bid made for Chapmans Ltd. by the new closing date of 16th March, 1983.
2. Your co-operation was sought in meeting the call. Southern Cross Exploration N.L. shares would have now been forfeited and are of no further value. We are prepared to replace this security with other security of similar value.
- 20 3. We would submit a progressive payment of \$25,000 per month for the next three months pending the completion of sale of either Alexanders Securities Ltd. or Chapmans Ltd.

Whilst we are certain that the amount due you would be repaid in full if our company will continue in business, you will be aware that liquidations are costly and that liquidators can and frequently do sell assets at bargain-basement rates, or without taking into account values of strategic parcels of shares and other intangibles.

30 If Brinds should be placed into liquidation, there will undoubtedly be more delay in getting any funds from us, as liquidators have to have legal opinions, Court consents, etc. before sales are approved. Coupled with those additional legal and accounting costs, the chances of our paying 110¢ (yes - 110¢) in the dollar; which we would pay without liquidation, will be diminished substantially.

If you are prepared to support our Appeal for the removal of the Provisional Liquidator, the matter outlined above will be submitted to you as a firm offer and will be suitably documented.

Your early reply will be appreciated.

Yours sincerely,

Brinds Limited (Provisional Liquidator Appointed)

Boris Ganke

No.59
EXHIBIT "B"

COPY OF LETTER IN REPLY BY
JACKSON TO GANKE DATED 4TH
MARCH 1983

This is the exhibit marked with the letter "B" produced and shown to BRUCE GORDON JACKSON at the time of swearing his Affidavit.

SWORN this 16th day of March, 1983.

JACKSON GRAHAM MOORE AND PARTNERS

4th March, 1983

Mr. Boris Ganke,
Binds Limited (Provisional Liquidator Appointed)
82 Elizabeth Street,
SYDNEY N.S.W. 2000

Dear Boris,

I acknowledge receipt of your letter of the 3rd March and confirm my telephone advice that we are not prepared to support your appeal to have the Provisional Liquidator removed. We have been waiting for payment now for approximately six months and to date have not received one dollar. On several previous occasions you have stated that you will put a proposition to us for consideration however we have received nothing. The fact that we have persevered for as long as we have, appears to have been taken as a sign of weakness.

I firmly believe that it is in everyone's interest, including yours to have an independent person appointed to control your group. Your major creditors have indicated that they are prepared to co-operate for the mutual benefit of themselves and your group. I can assure you that we and the provisional liquidators are fully aware of the potential value of a company shell for back door listing purposes.

I have introduced to you parties that have indicated real interest in purchasing a controlling interest in Chapmans Limited and also Southern Cross Exploration. Both of these negotiations were discontinued because the parties were not prepared to accept the figures in your pro-forma balance sheets. Even after discussions with you intended to identify the precise nature of the assets and liabilities the potential buyers were not prepared to proceed without some reassurance from an outside party.

Your inability to pay the outstanding debt together with interest and costs has placed considerable pressure on the finances of this firm. We again request payment forthwith.

Yours sincerely,

B.G. JACKSON

AFFIDAVIT OF STEPHEN ROBERT ANSTICE

No.60
Affidavit of
Stephen Robert
Anstice
16th March
1983

I, STEPHEN ROBERT ANSTICE of 2 Castlereagh Street Sydney in the State of New South Wales Manager MAKE OATH AND SAY as follows:-

1. I am authorised to swear this Affidavit on behalf of Martin Corporation Limited ("Martin"). I depose to the matters hereinafter set forth from my own knowledge save where otherwise indicated.

2. ON Tuesday 8 March 1983 Martin received a letter from Brinds Limited (Provisional Liquidator Appointed) signed by Mr. Ganke. Now produced and shown to me and marked "A" is a copy of that letter.

10

3. ON Wednesday 9 March 1983 I caused to be written a letter to Mr. Ganke in response to his letter referred to in paragraph 2. Now produced and shown to me and marked "B" is a copy of that letter.

4. SINCE 4 March 1983 I have had no discussions with Mr. Ganke concerning the aforesaid letters or the matters referred to therein. I am informed by Mr. Irving, the Manager Director of Martin, and verily believe that he also since 4 March 1983 has had no discussions with Mr. Ganke concerning the aforesaid letters or the matter.

20

Sworn at Sydney 16th March, 1983

No.61
EXHIBIT "A"

COPY OF LETTER FROM BRINDS LIMITED
(PROVISIONAL LIQUIDATOR APPOINTED)
TO MARTIN CORPORATION DATED 4TH
MARCH 1983

This is the Exhibit marked with the letter "A" produced and shown to
STEPHEN ROBERT ANSTICE at the time of swearing his Affidavit.

SWORN the 16th day of March, 1983.

In the Supreme
Court of
Victoria

(Provisional Liquidator Appointed)

BRINDS LIMITED

GROUP OF COMPANIES

INCORPORATED IN VICTORIA
STONEY CREEK
52 ELIZABETH STREET, STONEY
PHONE: 233 6022
CABLE: "LIVESTOCK" STONEY
TELEX: AA 12592

No.61
Exhibit "A"
Copy of letter
from Brinds
Limited
(provisional
liquidator
appointed) to
Martin Corpora-
tion dated 4th
March 1983

PLEASE ADDRESS ALL CORRESPONDENCE TO: BOX 4244-4246 STONEY NEW 3001

4 March 1983

Martin Corporation Limited
P & O House
2 Castlereagh Street
Sydney 2000

6 March 1983
ACK (date)
File under

File
Brinds

Attention Mr Malcolm Irving

WITHOUT PREJUDICE

(continued)

Dear Malcolm

Further to previous correspondence and my conversation with Steven Anstice, I confirm the following:

1. You have been advised that a complete payment of amounts owing to you would be made when the sale of our shareholding in Chapmans Ltd and/or Alexanders Securities Ltd would be effected - this is still valid and and from the large number of parties that have made enquiries, there should be a bid made for Chapmans Ltd by the new closing date of 16 March, 1983 with a sale of Alexanders Securities occurring at about the same date. 10
2. Your co-operation was sought in meeting the call on Southern Cross Exploration N L shares - which have now been forfeited and are of no further value. However, we are prepared to replace this security with other security of similar value. 20
3. We would submit that a monthly payment of interest and/or some principal repayment be made for the next three months or so pending the completion of sale of Alexanders Securities Ltd and Chapmans Limited.

Whilst we are certain that the amount due to your company would be repaid in full if our company will continue in business, you will be aware that liquidations are costly and that liquidators can and frequently do sell assets at bargain-basement prices, or without taking into account values of strategic parcels of shares and other intangibles. 30


If Brinds should be placed into liquidation, there will undoubtedly be more delay in getting any funds from the company, as liquidators have to obtain legal opinions, Court consents, etc. before sales are implemented. Additional legal and accounting costs would then invariably be incurred and our probability of our paying 110c (yes - 110c!) in the dollar, which we would pay without liquidation, will have diminished substantially.

If your company will be prepared not to oppose our Appeal for the removal of the Provisional Liquidator, the proposal outlined above will be submitted to you as a firm offer and will be suitably documented. 40

Your early reply will be appreciated.

Yours sincerely

Brinds Limited (Provisional Liquidator Appointed)

Boris Ganke
per 

-rb/045.109

No.62
EXHIBIT "B"

COPY OF LETTER IN REPLY BY
ANSTICE TO GANKE DATED
9TH MARCH 1983

This is the Exhibit marked with the letter "B" produced and shown to
STEPHEN ROBERT ANSTICE at the time of swearing his Affidavit.

SWORN the 16th day of March, 1983.

In the Supreme
Court of
Victoria

No.62
Exhibit "B"
Copy of letter
in reply by
Anstice to Ganke
dated 9th March
1983

(continued)

9th March, 1983

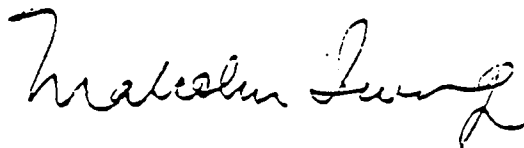
Mr. B.A. Ganke
9th Floor
82 Elizabeth Street
SYDNEY NSW 2000

Dear Boris,

We refer to your letter of 4th March, 1983, on
Brinds Limited letterhead.

We could only consider what you are suggesting
on the basis of a more detailed proposal.

Yours sincerely,



M.G. Irving
Managing Director

u B

2.1.1

Martin Corporation Limited

A subsidiary of Canadian Imperial Bank of Commerce
and affiliated with Baring Brothers & Co., Limited
(Incorporated in New South Wales)



(Incorporated in New South Wales)

SUPPLEMENTARY AFFIDAVIT OF BORIS ANDREW GANKE

I, BORIS ANDREW GANKE of 82 Elizabeth Street, Sydney in the State of New South Wales, Company Director MAKE OATH AND SAY as follows:-

1. I crave leave to refer to the Affidavit of Thomas Eric Atkinson (hereinafter referred to as "Atkinson") sworn the 16th day of February, 1983 and filed herein.
2. AS to paragraph 4 of Atkinson's affidavit, I say that Brinds accepted funds on deposit from various companies and then on many occasions in recent years advanced monies to Offshore Oil N.L. I was previously Chairman of Directors of the said Offshore.
3. OFFSHORE in turn made advances to companies in which Offshore had an equity interest, ranging from 20% to 45%. With the arrangements for supplying shareholders' equity capital - arrangements were also made for loan funds to be provided. For instance, in the case of Investment Corporation of Fiji Ltd. ("ICF") Offshore owned approximately 45% of that company's share capital and lent approximately \$800,000.00 for a period of three years. That sum is included in the figure of \$8.4 million referred to by Atkinson.
4. AS to paragraph 5 of the Affidavit of Atkinson, I say that 'phone notice of the directors' meeting of 27th August, 1982 was given at approximately 6.00 p.m. on the preceding day under circumstances whereby the said Adler knew that neither I nor my fellow directors would be able to be present at the time nominated by him.

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In the Supreme
Court of
Victoria

No.63
Supplementary
Affidavit of
Boris Andrew
Ganke
17th March
1983

(continued)

5. I deny the statement attributed to me in paragraph 6 of the Atkinson Affidavit. My statement was that the Brinds' loan is at 12 months call and that there was documentation to confirm that. Apart from immediately applicable documentation now claimed to be missing, Offshore has documentation between it and the Reserve Bank of Australia for permission to take funds out of Australia which confirms the three year loan period.

6. AS to paragraph 7 of the Affidavit of Atkinson there were very heated words at the meeting referred to and I said that if Offshore, in spite of the documentation, proceeded with making calls on companies for funds not yet due, then I would move for Offshore to make provision of \$10 million for bad debts in the year's accounts.

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7. AS to paragraphs 9 and 10 of the Affidavit of Atkinson, I say that Atkinson can have little or no knowledge of the Brinds group of companies financial position and his judgment is without foundation and is pure speculation on his part, I believe opinions expressed by him are not held bona fide and that his support of Offshore's action was intended to prevent Brinds redeeming its shares in Southern Cross Exploration.

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Sworn at Melbourne 17th March, 1983

No.64

In the Supreme
Court of Victoria

AFFIDAVIT OF DAVID ALEXANDER CRAWFORD

No.64
Affidavit of David
Alexander Crawford
17th March 1983

I, DAVID ALEXANDER CRAWFORD of 500 Bourke Street, Melbourne, Accountant,
make oath and say as follows:-

1. I am the provisional liquidator appointed to Brinds Limited
by Order of Master Jacobs made herein the 17th February, 1983.

2. THE directors and secretary of Brinds Limited failed to
submit to me pursuant to section 375 of the Companies
(Victoria) Code a report in the prescribed form as to the
affairs of Brinds Limited as at the date of my appointment
as provisional liquidator within 14 days of that date.

10

3. PURSUANT to sub-section 375 (6) of the Companies (Victoria)
Code by notice in writing dated 11th March, 1983 I granted
an extension of the time until 25 March, 1983 within which
that report is to be submitted to me.

4. AT the time of swearing this Affidavit that report has not
been submitted to me.

Sworn at Melbourne 17th March, 1983

AFFIDAVIT OF MALCOLM ALEC BURNE

No.65
Affidavit
of Malcolm
Alec Burne
23rd March
1983

I, MALCOLM ALEC BURNE of 6th floor, 108 MacDonnell Road, Hong Kong
in the Crown Colony of Hong Kong MAKE OATH AND SAY as follows:-

1. I am Chairman of LSD Holdings Limited (hereinafter called "LSD Holdings") and depose to the matters hereinafter set forth from my own knowledge except where otherwise indicated.
2. I have been associated with the management of various companies both public and private for approximately the last ten years.
3. I am also a Director of OTL Limited.
4. THE issued capital of LSD Holdings is \$887,500 made up of 3,550,000 shares of 25¢ each, fully paid. 10
5. I am acquainted with the business affairs of Brinds.
6. BRINDS has been a major shareholder of LSD Holdings for more than three years and has provided satisfactory management, financial and merchant banking services for LSD Holdings during that period.
7. I refer to the affidavit of Kenneth George Wilshire sworn the 16th February, 1983 and filed herein, and I say further that I know that LSD Holdings also has an amount of \$49,012 as partially secured deposit with Brinds.
8. BASED on my knowledge and my experience in business, my 20
knowledge of the operation of Brinds and of the operation of the share market as well and being aware of results of many compulsory liquidations, I verily believe that the interests of both secured and unsecured creditors of this company will be adversely affected by Brinds being put into compulsory liquidation. I say further, that the satisfaction of debts through the liquidation process will of necessity lead to those assets being disposed of at less than true value, will

No.65
Affidavit of Malcolm
Alec Burne
23rd March 1983
(continued)

take a long time and therefore it is in the best interests
of all creditors and shareholders that Brinds be allowed
to continue to carry on business without the appointment of
any Liquidator.

Sworn at Sydney on 23rd March, 1983

In the Supreme
Court of
Victoria

No.66
Affidavit
of Kevin
John Leek
24th March
1983

No. 66

AFFIDAVIT OF KEVIN JOHN LEEK

I, KEVIN JOHN LEEK of 8th floor, 34 Hunter Street, Sydney in the State of New South Wales Accountant MAKE OATH AND SAY as follows:-

1. I am the Investment Manager of Milton Corporation Limited of 34 Hunter Street, Sydney New South Wales (hereinafter called "Milton") and depose to the matters hereinafter set forth from my own knowledge except where otherwise indicated.

2. MILTON has dealt with Brinds Limited (hereinafter called "Brinds") since January 1976 by giving it a Commercial Bill line which is secured by mortgages over real estate and shares and has found its dealings with Brinds to be satisfactory. 10

3. I say that it is in the best interest of all creditors and shareholders that Brinds be allowed to continue to carry on business without the appointment of a liquidator as from my experience, the appointment of a liquidator, generally leads to assets being sold at less than their true value.

Sworn at Sydney 24th March, 1983

AFFIDAVIT OF DAVID ALEXANDER CRAWFORD

I, DAVID ALEXANDER CRAWFORD of 500 Bourke Street, Melbourne in the State of Victoria, Accountant, make oath and say as follows:-

1. I am the Provisional Liquidator appointed to Brinds Limited by Order of Master Jacobs made herein the 17th day of February, 1983.

2. I crave leave to refer to my Affidavit sworn herein the 17th day of March, 1983.

3. THE report referred to in paragraph 2 of my said Affidavit was not submitted to me by the 25th day of March, 1983, the date to which I granted an extension of time.

4. ON the 28th day of March, 1983 I received a letter from Boris Ganke of Brinds Limited dated 23rd March, 1983 requesting a further extension of time within which to submit to me the said report. Now produced and shown to me marked "DAC 1" is a true copy of that letter.

5. ON the 30th day of March, 1983 I sent a letter in reply to the said Boris Ganke and in which I refused to grant the directors and secretary of Brinds Limited a further extension of time within which to submit to me the said report. Now produced and shown to me and marked "DAC 2" is a true copy of my said letter in reply.

6. AT the time of swearing this Affidavit the said report has not been submitted to me.

Sworn at Melbourne 30th March, 1983

No. 68
EXHIBIT "DAC 1"

LETTER FROM BRINDS REQUESTING
AN EXTENSION OF TIME TO SUBMIT
THE REPORT DATED 23RD MARCH 1983

This is the Exhibit marked with the letter "DAC 1" produced and shown
to DAVID ALEXANDER CRAWFORD at the time of swearing his Affidavit.

SWORN the 30th day of March, 1983.



BRINDS LIMITED

GROUP OF COMPANIES

INCORPORATED IN VICTORIA
SYDNEY OFFICE:
12 ELIZABETH STREET, SYDNEY
PHONE: 233 6022
CABLES: "INVESTINAUST" SYDNEY
TELEX: AA22292

PLEASE ADDRESS ALL CORRESPONDENCE TO BOX 4246 GPO SYDNEY NSW 2001

PROVISIONAL LIQUIDATOR APPOINTED

23 March 1983

Peat Marwick Mitchell & Co
16th Floor
500 Bourke Street
Melbourne 3000

Attention Mr D A Crawford

Dear Sir

Thank you for your letter of 11 March 1983 received by me on 17 March 1983.

10

Your granting of the extension to 26.3.83 is appreciated but I must ask for an extension past that date.

20

You will be aware that the company and I have lodged an appeal against your appointment. You will also be aware that various companies have commenced proceedings in N S W claiming inter alia that the Deed is still operative and/or has not been properly terminated. You will also be aware that FAI or Offshore Oil have commenced other legal proceedings against Alexanders Securities Limited and Bonds & Securities (Trading) Pty Limited and that an action is current in respect of Southern Cross Exploration N. The amount of evidentiary material for these legal proceedings is huge and my time is being spent on legal conferences, preparation of Affidavits and associated matters.

Apart from purely time problems, I would submit that in the interests of natural justice you should defer your request for the Statement of Affairs till such time as your appointment as Provisional Liquidator will be confirmed or otherwise.

Your granting of an extension on the basis of some reasonable period after a decision in the appeal against your appointment would therefore seem to be the correct course to follow.

30

Your approval will therefore be very much appreciated.

Yours sincerely

Brinds Limited (Provisional Liquidator Appointed)

B Garke

In the Supreme Court of Victoria
No.68 Exhibit "DAC 1"

Letter from Brinds requesting an extension of time to submit the report dated 23rd March 1983 (continued)

25 MAR 1983

PEAT MARWICK MITCHELL & CO.
4 BOURKE STREET MELBOURNE 4
R. J. 28 MAR 1983
Re: _____ / _____
At _____

No. 69
EXHIBIT "DAC 2"

LETTER IN REPLY FROM CRAWFORD
TO BRINDS DATED 30TH MARCH 1983

This is the Exhibit marked with the letter "DAC 2" produced and shown
to DAVID ALEXANDER CRAWFORD at the time of swearing his Affidavit.

SWORN the 30th day of March, 1983.

~~DAC2~~

In the Supreme Court
of Victoria

No.69

Exhibit "DAC 2"
Letter in reply from
Crawford to Brinds
dated 30th March 1983

416PW

30th March, 1983

(continued)

Outward Correspondence	Staff No.
Typist	
Called	
Checked	
Reviewed	
Manager Review of Draft	
Manager Review of Final Type	

Mr. B. Ganka,
C/- Brinds Limited,
G.P.O. Box 4246,
SYDNEY, N.S.W. 2001

Dear Sir,

BRINDS LIMITED
(PROVISIONAL LIQUIDATOR APPOINTED)

10 Receipt is acknowledged of your letter of 23rd March, 1983 responding to my extension of time for the lodging of the Report as to Affairs of the abovenamed company.

I confirm that the extension of time that was granted to 25th March, 1983 was granted specifically on the understanding that the Report as to Affairs would be available by that date.

I note the reasons for your request for a further extension of time and in particular, your application currently before the Court to have the appointment of the provisional liquidator set aside.

20 Compliance with the Companies (Victoria) Code relating to the maintenance of proper books and records should have enabled you to prepare the Report as to Affairs between the date of my appointment and the date to which the extension was granted. I also note that the information contained in the Report as to Affairs will contain the financial information required by you in support of your application to have the appointment of the provisional liquidator set aside.

I will not grant any additional time for the lodging of the Report as to Affairs and request that you urgently attend to your statutory requirements. The failure to lodge the Report renders you and other officers guilty of an offence pursuant to Section 375 of the Companies (Victoria) Code.

30 Yours faithfully,

D.A. Crawford
PROVISIONAL LIQUIDATOR

No.70
Affidavit
of Charles
Anthony
Chandlin Fear
30th March
1983

AFFIDAVIT OF CHARLES ANTHONY CANDLIN FEAR

I, CHARLES ANTHONY CANDLIN FEAR of Tower Building, Australia Square, Sydney in the State of New South Wales, Chartered Accountant MAKE OATH AND SAY as follows :-

1. I ask leave to refer to the affidavit sworn by me in these proceedings on 17th February, 1983.
2. SINCE David Alexander Crawford was appointed Provisional Liquidator of Brinds Limited ("the company") I have been involved on his behalf in the administration of the Company in New South Wales and in particular in attempting to assemble together financial information concerning the position of the Company. I have also from 25th November, 1982 to 16th February, 1982, assisted Mr. Macintosh in his capacity as Examining Accountant under the Moratorium Deed dated 25th November, 1982. I make this affidavit from knowledge I have acquired in the course of carrying out these functions and also from information supplied by officers of the Company and other Debtors under the Moratorium Deed and in particular Mr. Martin Tosio who is the principal accounting officer of the Company and other Debtors.

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3. ON 4th March 1983 I was given by Mr. Martin Tosio a copy of an amended draft balance sheet of the Company as at 31st December 1982. Now produced and shown to me and marked "CF 1" is a copy of such balance sheet.

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4. THE balance sheet shows current assets of \$8,108,112 and liabilities of \$19,657,989 all of which I believe to be current liabilities on the basis of balance sheets previously supplied to me and my enquiries to date. The resultant

working capital deficit amounts to \$11,549,877.

10 5. THE aforesaid balance sheet discloses "shares in listed companies", at \$10,540,663. These shares have been valued at cost. In my opinion and from investigations I have made the realisable value of these shares is considerably less than the amount disclosed in the balance sheet and is overstated by at least \$1.1 million and possibly as much as \$3.5 million. For example, at the close of trading on the Sydney Stock Exchange on the 29th day of March, 1983 shares in Offshore Oil N.L. were quoted at 7 cents buyer, 8 cents seller, with sales at 8 cents. Thus shares in Offshore Oil N.L. which have been included in the balance sheet at a cost of \$3,271,910 have a current market value on that date of only \$1,520,594, a difference of \$1,751,316.

6. OF the approximately 19,000,000 Offshore Oil N.L. shares held by the Company -

9,003,426 are mortgaged to Mercantile Mutual Life Insurance Co. Ltd. as security for a debt of \$1,624,367.00 due on 8th April, 1983.

20 7,208,000 are held by Jackson, Graham, Moore & Partners pursuant to a sharebrokers lien and as security for the purchase price of some of the shares (\$1,676,659.00);

2,440,000 are mortgaged to various banks as security for overdrafts totalling \$136,795 and guarantees issued by the Company on an overdraft of Bonds and Securities (Trading) Pty. Ltd. of \$119,361.

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(continued)

7. OF the shares held by the Company those that are unencumbered have a current market value of approximately \$48,000.
8. THE aforesaid balance sheet discloses "short term deposits" and "advances to subsidiary companies" of \$7.9 million. Most of the deposits are with companies in the Brinds Group. In my opinion these deposits will realise substantially less than that amount.
9. ON 1st March, 1982 I obtained from the Company's computer bureau a copy of an amended draft profit and loss account of the Company for the twelve months to 31st December 1982. From my observations and from what I have been told by Mr. Tosio the information used to produce the amended profit and loss is information supplied by Mr. Tosio. I have further ascertained that this profit and loss account is consistent with and correlates with the aforesaid balance sheet referred to in paragraph 3 of this affidavit. Now produced and shown to me and marked "CF 2" is a copy of such profit and loss account of the Company. 10
10. THE aforesaid profit and loss account discloses a loss by the Company for the twelve months to 31st December, 1982 of \$1,543,771. Under the heading "Income", the items "interest receivable other" and "interest receivable subsidiary companies" were not paid in cash but were accrued by book entry. Under the category of "management fees" the sum of \$306,000 was not paid in cash but was accrued by book entry and "management fees" of \$249,000 paid in June 1982 were in fact substantially funded by an exchange of cheques. Similarly, under the heading "expenses", items in the categories 20

"interest payable other" and "interest payable to subsidiary companies" were also accrued. Therefore in terms of real cash transactions for the period mentioned, the Company received about \$92,800 (after excluding from calculations management fees represented by an apparent exchange of cheques) and paid out approximately \$1,140,051. These figures further support the budget prepared by Mr. Tosio showing that Brinds would require cash of \$308,000 to operate for the six months period to 30th June, 1983.

10 11. I refer to paragraph 14 of the affidavit of Alexander Robert Mackay Macintosh sworn this day and say that on each occasion Mr. Macintosh told me to tell Debtors that an application for an extension of time to comply with provisions of the Deed was rejected or refused. I so told the Debtors.

12. IN my opinion as is evident from the information contained herein, the continued trading by the Company will lead to the dissipation of assets to the disadvantage of unsecured and partly secured creditors.

Sworn at Sydney on 30th March, 1983,

No. 71
EXHIBIT "CF 1"

COPY OF AN AMENDED BALANCE SHEET
OF BRINDS AS AT 31ST DECEMBER 1982

This is the Exhibit marked with the letter "CF 1" produced and shown
to CHARLES ANTHONY CHANDLIN FEAR at the time of swearing his Affidavit.

SWORN the 30th day of March, 1983.

"CF 1"

Recd 3.30pm
4/2/83

BRINDS LIMITED

DRAFT BALANCE SHEET AS AT 31.12.82

	\$
Issued Capital	1,309,537
Asset Revaluation Reserve	1,103,550
Capital Profit Reserve	373,516
Share Premium Reserve	4,181
Profit and Loss Account	(2,530,321)
SHARE CAPITAL AND RESERVES	<u>252,098</u>
Represented by:	
Land and Buildings	<u>600,000</u>
INVESTMENTS	
Shares in Listed Companies (including subsidiaries)	10,540,663
Shares in Other Companies (")	661,062
Other Investments	11,250
	<u>11,211,975</u>
CURRENT ASSETS	
Cash at Bank	337
Short-term deposits - other - including interest	2,702,598
Advances to Subsidiary Companies (")	5,228,170
Sundry Debtors and Prepayments	177,007
	<u>8,108,112</u>
TOTAL ASSETS	<u>19,920,087</u>
Less: LIABILITIES	
Bank Overdrafts - Secured	154,955
Bills Payable - Secured <i>MILTON CORP</i>	1,200,000
Short Term Loans - Unsecured (includes interest)	6,861,152
Short Term Loans - Secured (")	2,009,537
Sundry Loans	55,100
Shares Purchases - (Creditors) <i>Solely - partly secured</i>	1,598,659
Sundry Creditors & Accruals	19,512
Liabilities to Subsidiary Companies	7,648,537
Other Liabilities	12,537
	<u>19,657,989</u>
	<u>252,098</u>

No.72
EXHIBIT "CF 2"

COPY OF AN AMENDED PROFIT AND
LOSS ACCOUNT OF BRINDS FOR THE
12 MONTHS TO 31ST DECEMBER 1982

This is the Exhibit marked with the letter "CF 2" produced and shown
to CHARLES ANTHONY CHANDLIN FEAR at the time of swearing his Affidavit.

SWORN the 30th day of March, 1983.

CF 2

No.72

Exhibit "CF 2"
Copy of an amended
profit and loss
account of Brinds
for the 12 months to
31st December 1982
(continued)

BRINDS LIMITED
PROFIT & LOSS
FOR THE PERIOD 31. 12. 82

INCOME

INTEREST RECEIVABLE OTHER	310347.00	nlc
INTEREST RECEIVABLE SUBSIDIARY CO(S)	573329.61	nlc
INTEREST RECEIVED OTHER	3137.96	
DIVIDENDS RECEIVED OTHER	10083.37	
MANAGEMENT FEES	555000.00	nlc
PROFIT (CAPITAL) ON SALE OF INVEST	(250.00)	
OTHER NON OPERATING INCOME	5500.00	

1457147.94

EXPENSES

ADVERTISING	584.92	
AUDITORS EMOLUMENTS AUDIT	2200.00	
CONSULTANTS FEES (ADMIN)	12829.25	
DIRECTORS EMOLUMENTS PARTTIME	3600.00	
ELECTRICITY & GAS	339.58	
ENTERTAINMENT	5820.42	
GENERAL/MISCELLANEOUS EXPENSE	(157.31)	
INSURANCE	2955.51	
LEGAL EXPENSE ADMIN	12145.00	
MANAGEMENT FEES PAYABLE	154100.00	
PRINT & STAT. NEWSPAPERS, BOOKS, COPYING	1279.35	
POSTAGE TELEPHONE, TELEX & TELEGRAMS	45156.10	
RATES & TAXES, OTHER GOVT. CHARGES	4669.03	
RENT & OFFICE MAINTENANCE	13830.00	
REPAIRS & MAINTENANCE	472.96	
SALARIES & WAGES	102985.46	
SECRETARIAL FEES	150.00	
STAFF AMENITIES	1133.51	
SUBSCRIPTIONS & DONATIONS	3496.56	
TRAVELLING & MOTOR VEHICLE EXPENSE	14139.37	
COMMERCIAL BILL FEES	45477.45	
BANK CHARGES	1812.32	
INTEREST PAYABLE OTHER	874967.77	nlc
INTEREST PAYABLE SUBSIDIARY CO(S)	985901.00	nlc
INTEREST PAID OTHER (SPECIFY)	702167.88	
INTEREST PAID BANK	8862.93	

3000919.06

NET PROFIT(LOSS) FOR THE PERIOD ENDED 31 12. 82

(1,543,771.12)

IN THE PRIVY COUNCIL

No.30 of 1984

O N A P P E A L

FROM THE FULL COURT OF THE SUPREME COURT OF VICTORIA

IN THE MATTER OF THE COMPANIES (VICTORIA) CODE

- and

IN THE MATTER OF BRINDS LIMITED

B E T W E E N :

BRINDS LIMITED, BORIS ANDREW GANKE, GULF RESOURCES N.L.,
ALEXANDERS SECURITIES LIMITED, CHAPMANS LIMITED, NORTHERN
STAR INVESTMENTS PTY. LIMITED AND HALLMARK MINERALS N.L.

Appellants

- and -

OFFSHORE OIL N.L., MARTIN CORPORATION LIMITED and
JACKSON GRAHAM MOORE AND PARTNERS (a firm)

Respondents

RECORD OF PROCEEDINGS

VOLUME ONE

MESSRS. INGLEDEW, BROWN,
BENNISON & GARRETT,
International House,
26 Creechurch Lane,
London EC3A 5AL

Solicitors for the
Appellants

MESSRS. COWARD CHANCE,
Royex House,
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EC2V 7LD

Solicitors for the
Respondents