



Grant Thornton

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Cairns Corporate Tower
15 Lake Street
Cairns QLD 4870
Correspondence to:
PO Box 7200
Cairns QLD 4870

T +61 7 4046 8888
F +61 7 4051 0116
E info.cairns@au.gt.com
W www.granthornton.com.au

BAWINANGA ABORIGINAL CORPORATION (SPECIAL ADMINISTRATORS APPOINTED)

CIRCULAR TO CREDITORS

Update to creditors regarding the current status of the special administration

We refer to our prior circulars to creditors regarding the Bawinanga Aboriginal Corporation (Special Administrators Appointed) (“the Corporation”).

We have completed an extensive review of the Corporation’s operations and financial affairs which has included reconstructing sections of the Corporation’s financial records. We have advised the Registrar of Indigenous Corporations of our findings. In light of the outcome of the abovementioned review, our appointment as special administrators of the Corporation was extended to 30 May 2014 to enable us to:

- Undertake further investigations as required regarding the solvency of the Corporation and related issues;
- Re-negotiate the proposed loan agreement with the Maningrida Progress Association (“MPA”);
- Assuming the MPA funds of \$3.5M are received, make payment to pre-administration creditors who have entered into debt repayment agreements to compromise their admitted claims against the Corporation as at 30 October 2012 for 70 cents in the dollar owing; and
- Complete the restructure of the operations of the Corporation to enable BAC to continue to trade after our appointment as special administrators of the Corporation ceases.

Repayment of pre-administration creditors

Subject to completion of the loan agreement and registration of security documentation, MPA has informed us that the loan funds can be released to us. The Corporation’s solicitor

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is working with MPA's solicitor to arrange for all relevant loan documentation to be finalised and ready for signing as a matter of urgency. If the loan funds are released to us by 14 May 2014, we anticipate this will enable us to clear all admitted creditor claims by 30 May 2014. If the loan funds are not released by 14 May 2014, it will not be possible to complete the required steps in order to restore the Corporation to a position of solvency.

Going forward, it will be necessary for the Corporation to trade profitably in order to generate the necessary funds to repay its loans and cover expenses. We have requested additional assistance from government and other sources that will assist in this regard.

We will be in contact with the small number of creditors in the coming fortnight whose documentation is incomplete or if we have any queries or require further information in relation to claims. If you do not hear from us within the next fortnight, please assume that your debt repayment agreement and supporting documentation provided to us by the former special administrators are in order.

We will advise further if the MPA loan funds are not received by the required date.

We thank you for your patience and reiterate that we are continuing to work towards a positive outcome for all of the Corporation's creditors and stakeholders.

Please contact Monica Tilbrook of this office with any queries on 4046 8888.

Dated this 5th day of May 2014

A handwritten signature in blue ink, consisting of a stylized 'G' followed by a long, horizontal, wavy line.

Gerry Mier
Joint Special Administrator