

18 April 2016

To the creditor as addressed

Dear Sir/Madam

Linc Energy Limited
(Administrators Appointed) (the Company)
ACN 076 157 045

Appointment of Administrators

We were appointed joint and several Administrators of the Company on 15 April 2016 pursuant to Section 436A of the *Corporations Act 2001* (**the Act**).

As Administrators, we have assumed full control of the Company's affairs. We are continuing to trade while we undertake an urgent assessment of the financial position of the Company.

Proceedings against the Company or its property cannot be commenced or continued during the administration period without leave of the court.

This report details information relating to the following:

1. First meeting of creditors
2. Creditor claims
3. Section 439A report to creditors and second creditors meeting
4. Trading on the business and ongoing supply
5. Disclosure statement
6. Remuneration of Administrators
7. About PPB Advisory

Appendices

- A. Form 529A - Notice of first Meeting of Creditors
- B. Form 535 - Proof of Debt form
- C. Form 532 - Appointment of Proxy
- D. ASIC publication – 'Insolvency Information for directors, employees, creditors and shareholders'
- E. Authorised signatories schedule
- F. Declaration of Independence, Relevant Relationships and Indemnities
- G. Remuneration and Disbursement Statement

1. First meeting of creditors

The Notice of First Meeting of Creditors, Form 529A (Appendix A) is attached.

Date: Wednesday, 27 April 2016
Registration: 10.30am
Meeting time: 11.00am
Venue: PPB Advisory
Central Plaza One, Level 27
345 Queen Street
Brisbane QLD 4000

The first meeting is required to be held within eight business days after the appointment of the Administrators. The purpose of the meeting is to provide creditors with background to the appointment and for creditors to determine whether to appoint a Committee of Creditors to assist the Administrators, and if so, who are to be the Committee's members.

At the meeting creditors may also, by resolution, remove the Administrators from office and appoint replacement Administrators.

In order to attend and vote at the meeting, creditors will need to complete the Proof of Debt Form (Appendix B) and where applicable, Proxy Form (Appendix C). A Proxy Form must be completed where a corporate creditor is attending or an individual creditor wants to appoint another person to act on their behalf at the meeting. A creditor may also choose to appoint the Chairman to vote on their behalf.

The completed Proof of Debt and Proxy Forms should be returned to our office or other (if outsourced) by 3.00pm AEST on Tuesday, 26 April 2016.

There will be access to telephone conference facilities for creditors who cannot attend the meeting. Should you wish to attend by telephone, please notify btebbutt@ppbadvisory.com in writing by no later than 11.00am AEST on Friday, 22 April 2016.

A listing of known Company creditors as ascertained from the Company's records will be made available upon written request.

2. Creditor claims

For the purpose of voting at the meeting, you should lodge the Proof of Debt Form (Appendix B) for the amount of your claim as at the date of our appointment.

Employees are afforded priority pursuant to section 556 of the Act and rank ahead of ordinary unsecured creditors for claims against the company.

To assist creditors, employees, and shareholders to better understand the Voluntary Administration process, ASIC has released a package of insolvency information sheets. These have the endorsement of the Australian Restructuring Insolvency & Turnaround Association (ARITA).

The ASIC publication 'Insolvency Information for directors, employees, creditors and shareholders' (Appendix D), which provides an index of the information sheets that are available, is enclosed. You can download these information sheets from ARITA's website at www.arita.com.au/insolvency-you/insolvency-explained/insolvency-fact-sheets.

3. Section 439A report to creditors and second creditors' meeting

As Administrators, we are required to conduct an investigation into the Company's business, property, affairs and financial circumstances in order to form an opinion as to whether it would be in the best interests of creditors:

- that the administration should end (and control of the Company revert to its directors)
- that the Company enter into a Deed of Company Arrangement or
- that the Company be wound up, i.e. placed in Liquidation.

A second meeting of creditors will be held to determine the Company's future at which creditors will vote for one of the above options. The second meeting of creditors must be held by Monday, 23 May 2016 unless an extension of the convening period is sought and approved by the Court.

A notice of the second meeting will be forwarded to all known creditors of the Company in due course, together with a report from the Administrators pursuant to section 439 of the Act that will include:

- our opinion on the options available
- our opinion on recoveries
- details of the meeting.

Should you wish to receive this report and any future reports and/or notices via email or facsimile, rather than by regular post, please send the following information to btebbutt@ppbadvisory.com:

- Name of administration, i.e. Linc Energy Limited (Administrators Appointed)
- Name of the creditor and contact person
- Email address to which future correspondence can be sent.

4. Trading on the business and ongoing supply

We have assumed full control of the Company's affairs and the powers of the directors are currently suspended.

We are continuing to operate and trade the Company on a 'business as usual' basis and while we undertake a sale of business campaign.

An owner or lessor of property that is used or occupied by, or is in possession of, the Company, cannot take possession of the property or otherwise recover it, without the Administrators' written consent or leave of the Court during the administration period.

We will not accept liability for any goods purchased or services rendered by suppliers that are not made with the authority of the Administrators and/or their authorised staff as detailed in Appendix E.

If there are any outstanding or unfulfilled orders placed by the Company prior to our appointment, please contact this office to obtain written confirmation from one of the specified authorised signatories before proceeding with the order.

Please immediately:

- Close any existing account(s) in the Company's name and send us a final invoice. That invoice, and the balance of any other outstanding invoices, will represent an unsecured claim against the Company.
- Open a new account for the Company titled '*Linc Energy Limited (Administrators Appointed)*' for any orders made with our authority after 15 April 2016, being the date of our appointment.

Please continue to forward all future invoices to the accounts payable department of the Company.

A right of set off cannot be enforced between pre and post appointment periods.

If you have supplied goods to the Company on consignment, or have registered a security interest on the Personal Property Securities Register (**PPSR**), you will shortly receive a separate letter providing you with further instructions. Please contact Brodie Tebbutt of this office if you do not receive this letter in the next few days.

5. Disclosure statement

Our Declaration of Independence, Relevant Relationships and Indemnities (**DIRRI**) is attached (Appendix F) in accordance with section 436DA of the Act. We have considered the disclosure requirements of the Code of Professional Practice for insolvency professionals issued by ARITA. Based on the information available to us, we are not aware of any reasons that would prevent us from accepting this appointment.

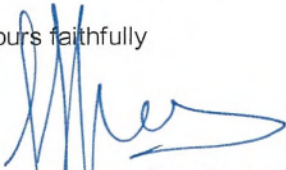
6. Remuneration of administrators

Our Remuneration and Disbursement Statement which sets out the Administrators' rates and method of calculating remuneration and disbursements are attached (Appendix G).

7. About PPB Advisory

PPB Advisory is a national firm operating throughout Australia, specialising in restructuring and insolvency. For further information regarding the firm and the professional background of the Administrators, please visit our website www.ppbadvisory.com.

Yours faithfully



Stephen Longley, Grant Sparks and Martin Ford
Administrators
Linc Energy Limited

Date of appointment:	15 April 2016
Contact name:	Brodie Tebbutt
Telephone number:	+61 2 8116 3148
Email:	btebbutt@ppbadvisory.com

A. Form 529A – Notice of first Meeting of Creditors

FORM 529A

Regulation 5.6.12(6)

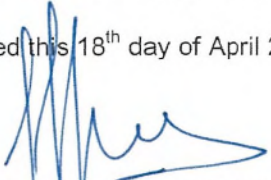
Corporations Act 2001

**NOTICE OF FIRST MEETING OF CREDITORS
OF COMPANY UNDER ADMINISTRATION**

**Linc Energy Limited
(Administrators Appointed) (the Company)
ACN 076 157 045**

1. Stephen Longley, Grant Sparks and Martin Ford of PPB Advisory, Central Plaza One, Level 27, 345 Queen Street, Brisbane QLD 4000 were appointed joint and several Administrators of the Company on 15 April 2016 under Section 436A of the *Corporations Act 2001*.
2. Notice is now given that a meeting of the creditors of the Company will be held at PPB Advisory's offices, Central Plaza One, Level 27, 345 Queen Street, Brisbane QLD 4000, on Wednesday 27 April 2016 at 11.00am.
3. The purpose of the meeting is to determine:
 - (a) whether to appoint a Committee of Creditors and
 - (b) if so, who are to be the Committee's members.
4. At the meeting, creditors may also, by resolution:
 - (a) remove the Administrators from office and
 - (b) appoint someone else as Administrator(s) of the company.
5. There will be access to telephone conference facilities for creditors who cannot attend the meeting. Please notify Brodie Tebbutt of our office at btebbutt@ppbadvisory.com by 11.00am AEST on Friday, 22 April 2016 to confirm your attendance via telephone.

Dated this 18th day of April 2016


Stephen Longley, Grant Sparks and Martin Ford
Administrators
Linc Energy Limited

- Telephone conference facility details are as follows:

Conference Code	8966053081
Australia	1300303945
Hong Kong	800967018
Singapore	8006162287
USA	0808232865
United Kingdom	1877610 2032

- A person, or the proxy or attorney of a person, who wishes to participate in the meeting by telephone must give to me by 11.00am AEST on Friday, 22 April 2016, a written statement (email to btebbutt@ppbadvisory.com will be accepted) setting out:
 - i. the name of the person and of the proxy or attorney (if any); and
 - ii. an address to which notices to the person, proxy or attorney may be sent; and
 - iii. a telephone number at which the person, proxy or attorney may be contacted; and
 - iv. any facsimile transmission number to which notices to the person, proxy or attorney may be sent.
- a person, or the proxy or attorney of a person, who participates in the meeting by telephone must pay any costs incurred by the person, proxy or attorney in participating and is not entitled to be reimbursed for those costs from the assets of the Company.

B. Proof of Debt form

FORM 535
Corporations Act 2001

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Administrators of Linc Energy Limited (Administrators Appointed) (**the Company**)

1. This is to state that the Company was on 15 April 2016, and still is, justly and truly indebted

to(**Creditor**)
(name of creditor)

of
(address of creditor)

for \$.....

Particulars of the debt are:

Date (date when the debt arose)	Consideration (state how debt arose and attach supporting documentation)	Amount (\$)	Remarks (include details of voucher substantiating payment)

2. To my knowledge or belief the Creditor has not, nor has any person by the Creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following
(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).

Date	Drawer	Acceptor	Amount (\$c)	Due Date

*3A. I am employed by the Creditor and authorised in writing by the Creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

*3B. I am the Creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

** Items 3A & 3B - delete both if the Creditor is a natural person and this proof is made by the Creditor personally. In other cases, if, for example, you are the director of a corporate Creditor or the solicitor or accountant of the Creditor, you sign this form as the Creditor's authorised agent (delete item 3A). If you are an authorised employee of the Creditor (credit manager etc), delete item 3B.*

I have attached the following documents (tick as many as appropriate):

- | | | | |
|---|---|---|---|
| ☐ Invoices | ☐ Judgement from Court | ☐ Letters of demand | ☐ Orders from Company |
| ☐ Monthly statements | ☐ Statutory demand | ☐ Credit application | ☐ Guarantee from Company |
| ☐ Creditors authority letter | ☐ Other documents | | |

Dated/...../..... Name Signatory.....

Phone Email address.....

c. **Form 532 – Appointment of Proxy**

FORM 532
Corporations Act 2001
APPOINTMENT OF PROXY
Linc Energy Limited
(Administrators Appointed) (the Company)
ACN 076 157 045

A. Appointment of a proxy

I/We, ...
(If a company, strike out "I" and set out full name of the company)

of
(address)

a creditor of the Company appoint.....
 as my/our proxy, or in his/her absence....., to vote at the meeting of creditors
 to be held on 27 April 2016 at PPB Advisory's office, Central Plaza One, Level 27, 345 Queen street, Brisbane QLD
 4000 at 11am or at any adjournment of that meeting.

B. Voting directions

Option 1: ☐ If appointed as a general proxy, as he/she determines on my/our behalf
(Please proceed to section C ie do not complete the table below)

and/or

Option 2: ☐ If appointed as a special proxy in the manner set out below:
(Please complete the table below before proceeding to section C)

No	Resolution	For	Against	Abstain
1	To replace the existing Administrators	☐	☐	☐
2	To appoint a committee of creditors	☐	☐	☐

C. Signature *(in accordance with Sections 127 or 250D of the Corporations Act 2001)*

If the creditor is an individual

.....

If the creditor is a Company

.....
 Director/Company Secretary

.....
 Print name

Dated this day of 20....

CERTIFICATE OF WITNESS

Please Note: *This certificate is to be completed only where the person giving the proxy is blind or incapable of writing. The signature of the creditor is not to be attested by the person nominated as proxy.*

I, ... of certify that the
 Above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the
 proxy and read to him before he attached his signature or mark to the instrument.

Signature of witness:

- D. **ASIC publication – ‘Insolvency Information for directors, employees, creditors and shareholders’**
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ASIC

Australian Securities & Investments Commission

Insolvency information for directors, employees, creditors and shareholders

ASIC has 11 insolvency information sheets to assist you if you're affected by a company's insolvency and have little or no knowledge of what's involved.

These plain language information sheets give directors, employees, creditors and shareholders a basic understanding of the three most common company insolvency procedures—liquidation, voluntary administration and receivership. There is an information sheet on the independence of external administrators and one that explains the process for approving the fees of external administrators. A glossary of commonly used insolvency terms is also provided.

The Insolvency Practitioners Association (IPA), the leading professional organisation in Australia for insolvency practitioners, endorses these publications and encourages its members to make their availability known to affected people.

List of information sheets

- INFO 41 *Insolvency: a glossary of terms*
- INFO 74 *Voluntary administration: a guide for creditors*
- INFO 75 *Voluntary administration: a guide for employees*
- INFO 45 *Liquidation: a guide for creditors*
- INFO 46 *Liquidation: a guide for employees*
- INFO 54 *Receivership: a guide for creditors*
- INFO 55 *Receivership: a guide for employees*
- INFO 43 *Insolvency: a guide for shareholders*
- INFO 42 *Insolvency: a guide for directors*
- INFO 84 *Independence of external administrators: a guide for creditors*
- INFO 85 *Approving fees: a guide for creditors*

Getting copies of the information sheets

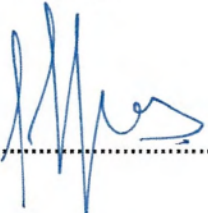
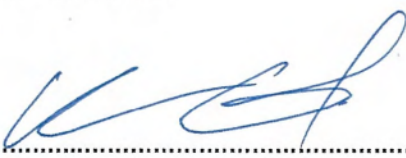
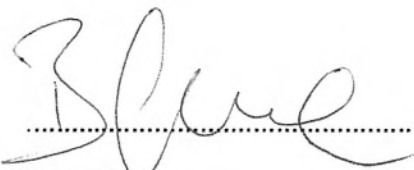
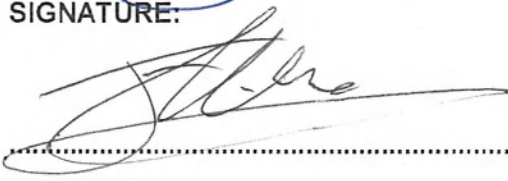
To get copies of the information sheets, visit ASIC's website at www.asic.gov.au/insolvencyinfosheets. The information sheets are also available from the IPA website at www.ipaa.com.au. The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.

Important note: The information sheets contain a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. These documents may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.

E. Authorised signatories schedule

LINC ENERGY LIMITED
(ADMINISTRATORS APPOINTED)
ACN 076 157 045
AUTHORISED SIGNATORIES

SPECIMEN SIGNATURES

		AUTHORITY LIMIT (\$)
NAME: Stephen Longley	SIGNATURE: 	Unlimited
NAME: Grant Sparks	SIGNATURE: 	Unlimited
NAME: Martin Ford	SIGNATURE: 	Unlimited
NAME: Ben Campbell	SIGNATURE: 	50,000.00
NAME: Stephen Edds	SIGNATURE: 	50,000.00
NAME: James Alexio	SIGNATURE: 	50,000.00

F. Declaration of Independence, Relevant Relationships and Indemnities

Declaration of Independence, Relevant Relationships and Indemnities

Linc Energy Limited (Administrators Appointed) (the Company) ACN 076 157 045

A Practitioner appointed to an insolvent entity is required to make declarations as to:

- A. their independence generally
- B. relevant relationships, including:
 - i. the circumstances of the appointment
 - ii. any relationships with the Company and others within the previous 24 months
 - iii. any prior professional services for the Company within the previous 24 months
 - iv. any that there are no other relationships to declare and
- C. any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of us, our partners, PPB Advisory and the related entities of PPB Advisory.

A. Independence

We, Stephen Longley, Grant Sparks and Martin Ford of PPB Advisory, Central Plaza One, Level 27, 345 Queen Street, Brisbane QLD 4000, have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as joint and several Administrators of the Company in accordance with the law and applicable professional standards.

This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

B. Declaration of Relationships

i. Circumstances of appointment

As outlined below, we have had various dealings with relevant parties to discuss the Company's affairs prior to our appointment as Administrators:

Date	Description
22 May 2015 28 May 2015	Initial contact and meetings were held with Craig Ricato of the Company and Grant Sparks of PPB Advisory
16 June 2015	Grant Sparks met with Craig Ricato of the company and Stephen Longley joined the meeting by teleconference to consider the scope of the work proposed

1 July – 17 August 2015	PPB Advisory were requested to review the Company's financial and liquidity position, forecast cash flows and restructuring plan in order to prepare a presentation to the Board regarding: • Advice of a general nature about the obligations, risks and potential liabilities for directors of insolvent companies • A checklist of the key timetable, key milestones, success measures and risks in delivering the proposed restructure • Consequences for the Group of insolvency (i.e. in the event the proposed restructure plan is not achieved) • Alternative courses of action available to the Group in the case of insolvency (including potential contingency planning). On 17 August 2015, Grant Sparks and Ben Campbell of PPB Advisory met with Craig Ricato (CEO and Director), Chris Munday (CFO) and Janelle van de Velde (Company Secretary) of the Company to discuss PPB Advisory's presentation to the Board as outlined above. Stephen Longley joined the meeting by teleconference
5 August 2015	Grant Sparks had an initial meeting with Chris Munday who had recently been appointed CFO
21 and 28 March 2016	On 21 March, Chris Munday met with Grant Sparks and the Company subsequently requested that PPB Advisory conduct a high level assessment of: • Current financial position • Liquidity position and cash flow needs • Solvency position • Issues associated with its going concern audit opinion • Risks associated with the current position and strategies being adopted. On 28 March 2016, Grant Sparks and Ben Campbell of PPB Advisory met with Chris Munday and Janelle van de Velde to discuss PPB Advisory's presentation to the Board as outlined above
1 to 13 April 2016	We were provided email updates and held limited discussions with Chris Munday on the status of the Company's restructuring plan in the week of 4 April 2016 and then again on 12 April 2016. A further update was provided by the Company on 13 April in a conference call held between Stephen Longley and Ben Campbell of PPB Advisory and Mark Leahy (Chairman of the Board), Craig Ricato, and Chris Munday of the Company
14 April 2016	Stephen Longley and Ben Campbell of PPB Advisory met with the Company's Board, Chris Munday and Janelle van de Velde, and David Proudman and Nick Edwards (the Company's lawyers from Johnson Winter Slattery) to provide an overview of the voluntary administration process and planning considerations

In our opinion, these meetings and discussions do not affect our independence, as the advice was given to the Company and not to the Directors personally. Further, the advice was restricted to the limitations imposed by Principle 2 of the Code of Professional Practice in relation to pre-appointment advice.

Further, the advice provided is not likely to be subject to review during the Administration and would not impact on compliance with our statutory and fiduciary duties. It is for these reasons that the advice does not, in our opinion, give rise to a conflict of interest or duty.

We received the following remuneration for pre-appoint advice:

1. Initial engagement (July 2015) – \$33,000 (including GST)
2. Subsequent engagement (March 2016) – \$22,000 (including GST).

We have not provided other information or advice to the Company, its directors or its advisors prior to our appointment, beyond that outlined in this Declaration of Independence, Relevant Relationships and Indemnities (**DIRRI**).

ii. Relevant relationships (excluding professional services to the insolvent)

We, or a member of our firm, have, or have had within the preceding 24 months, a relationship with:

The Security Holders:

- Fuji Xerox Finance Limited and Fuji Xerox Australia Pty Ltd
- BMW Australia Finance Limited
- Coates Hire Operations Pty Ltd
- Macquarie Leasing Pty Ltd
- D.T.H Products Pty Ltd
- BOC Limited
- Coregas Pty Ltd
- Elgas Limited

Nature of relationship	Reasons why no conflict of interest or duty
The Security Holders hold security interests over the Company's property. We have professional relationships with the major lenders in Australia and with a number of staff within the Security Holders' organisations, particularly in the credit and workout areas. We have previously undertaken formal and informal assignments involving or on behalf of some of the Security Holders for a number of years.	We believe that these relationships do not result in a conflict of interest or duty because our previous relationships with the Security Holders were not in relation to the Company's and/or the directors' affairs, or related parties of the Company and/or the directors.

Statutory Creditors:

- Australian Taxation Office
- Work Cover

Nature of relationship	Reasons why no conflict of interest or duty
Various Practitioners within PPB Advisory are members of panels for appointments as liquidators and bankruptcy trustees	We believe that these relationships do not result in a conflict of interest or duty. Our previous relationship with unsecured creditors has not been and is not in relation to the Company's affairs and/or the Company's directors or related parties of the Company

iii. Prior professional services to the insolvent

We, or a member of our firm, have provided the following professional services to the Company in the 24 months prior to the acceptance of this appointment:

Nature of professional service	Reasons why not an impediment or conflict
On 1 July 2015, we were engaged by the Company to undertake a high level assessment of current financial position, liquidity position and cash flow needs and solvency position of the Company. This engagement included a presentation to the Board regarding: • Advice of a general nature about the obligations, risks and potential liabilities for directors of insolvent companies • A checklist of the key timetable, key milestones, success measures and risks in delivering the proposed restructure • Consequences for the Group (and individual legal entities) of insolvency (i.e. in the event the proposed restructure plan is not achieved) • Alternative courses of action available to the Group in the case of insolvency (including potential contingency planning). The engagement occurred over a period of less than two months in July and August 2015 and we were paid a fee of \$33,000 (including GST) for the services provided.	We believe that this relationship does not result in a conflict of interest or duty because: • Much of the work done during the engagement is work that would have been done by us in order to be able to report to creditors under section 439A of the Corporations Act. • The nature of the report provided to the Company is such that it would not be subject to review and challenge during the course of the administration • The engagement will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the administration of the Company in an objective and impartial manner.
On 21 March 2016, we were engaged by the Company to undertake a high level assessment of the Company's most recent management accounts and forecasts to provide an assessment of: • Current financial position • Liquidity position and cash flow needs • Solvency position • Issues associated with its going concern audit opinion • Risks associated with the current position and strategies being adopted. We were paid a fee of \$22,000 (including GST) for the services provided.	We believe that this relationship does not result in a conflict of interest or duty because: • Much of the work done during the engagement is work that would have been done by us in order to be able to report to creditors under section 439A of the Corporations Act. • The nature of the report provided to the Company is such that it would not be subject to review and challenge during the course of the administration • The engagement will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the administration of the Company in an objective and impartial manner.

iv. No other relevant relationships to disclose

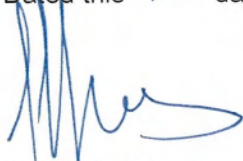
There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has security over the whole or substantially the whole of the Company's property that should be disclosed.

C. Indemnities and up-front payments

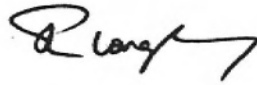
We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute. We have not received any upfront payments in respect of our remuneration or disbursements.

This does not include statutory indemnities. We have not received any other indemnities or upfront payments that should be disclosed.

Dated this 18 day of April 2016



Grant Sparks
Administrator



Stephen Longley
Administrator



Martin Ford
Administrator

Note:

If circumstances change, or new information is identified, we are required under the Corporations Act 2001 and the Australian Restructuring Insolvency & Turnaround Association (ARITA) Code of Professional Practice to update this Declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors.

Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.

G. Remuneration and Disbursement Statement

Remuneration and disbursement statement

Linc Energy Limited
(Administrators Appointed) (the Company)
ACN 076 157 045

Remuneration Method

There are four basic methods that can be used to calculate the remuneration charged by an insolvency practitioner. They are:

1. Time based / hourly rates

This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work, multiplied by the number of hours spent by each person on each of the tasks performed.

2. Fixed Fee

The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a practitioner will finalise an administration for a fixed fee.

3. Percentage

The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.

4. Contingency

The practitioner's fee is structured to be contingent on a particular outcome being achieved.

Method chosen

Given the nature of this administration we propose that our remuneration as Administrators be calculated on **Hourly Rates**. This is because:

- it ensures that creditors are only charged for work that is performed
- as Administrators, we are required to perform a number of tasks which do not necessarily relate to realisation of assets, for example responding to creditor enquires, reporting to ASIC and conducting investigations and
- generally, it is difficult to estimate with accuracy the total amount of fees necessary to complete all tasks required in the administration.

Explanation of Hourly Rates

The hourly rates charged by PPB Advisory effective from 1 July 2015 are set out within this remuneration report, together with a general guide showing the qualifications and experience of staff engaged in the administration.

The hourly rates charged encompass the total cost of providing professional services and are not comparable to an hourly wage.

Approval and payment of Remuneration

Remuneration is approved by a resolution of the creditors, a creditors' committee or a court.

Future remuneration is approved subject to a maximum or cap. Sometimes the actual cost of the administration will exceed the maximum which has been approved, in which case, we may seek another resolution for additional remuneration. We will not pay any amount exceeding the maximum without this approval.

Where funds are available, we will usually pay approved remuneration at intervals not less than one month. Where funds are not available, remuneration will not be paid.

Estimate of Remuneration

Having considered the nature of the administration, likely tasks to be completed and complexity, we estimate our remuneration to be \$200,000 (exclusive of GST) for the period up to the First Meeting of Creditors scheduled for Wednesday, 27 April 2016.

Disbursements

Disbursements are divided into three types:

- Externally provided professional services – these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees – these are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally be charged at cost, although some expenses may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

We are not required to seek creditor approval for disbursements, but must account to creditors. Details of the basis of recovering internal disbursements in this administration are provided below. Full details of any actual costs incurred will be provided with future reporting.

Basis of disbursement claim

Internal Disbursements		Rate (Excl GST)
Advertising		At cost
Courier		At cost
Photocopy/Printing	Black and white	\$0.10 per page
	Colour	\$0.50 per page
	A3 – Black and white	\$0.20 per page
	A3 – Colour	\$0.60 per page
Postage		At cost
Scans		\$0.05 per page
Staff vehicle use		At prescribed ATO rates

Rates applicable as at 1 January 2015

Statement of Remuneration Policy

Queensland Corporate Rates

Insolvency Practitioners, in common with many professions, have traditionally charged for work done on the basis of hourly rates.

PPB Advisory supports the Code of Professional Practice for Insolvency Practitioners. In all matters undertaken by us we seek to charge an appropriate level of fees and expenses. They should be appropriate for us having regard to the complexity and demands of each assignment, and appropriate for our clients having regard to their objectives in seeking our assistance.

Accordingly, at all times when seeking approval for remuneration we will provide the following details:

- type of work undertaken by the Appointees and the firm's staff
- breakdown of the activity undertaken
- number of hours charged by each person
- hourly rate charged for each person
- total remuneration claimed
- basis of recovering disbursements.

A schedule detailing our rates to apply to administrations for the period commencing 1 July 2015 is set out below, together with general details of Staff Classifications.

Position	Rate per hour (\$) (excl. GST)
Partner / Appointee	675
Director / Principal	585
Senior Manager	520
Manager	475
Assistant Manager	455
Senior Analyst	400
Analyst	315
Graduate	215
Undergraduate	190
Bookkeeper	140
Personal Assistant	160
Administration	120

Guide to Level of Insolvency Classification *

Position	Experience and qualifications
Partner	Registered Liquidator, Official Liquidator and/or Trustee, bringing his or her specialist skills to the administration.
Director/ Principal	Minimum of twelve years insolvency experience, at least 5 years at manager level, qualified accountant and capable of controlling all aspects of an administration. May be appropriately qualified to take appointments in his/her own right.
Senior Manager	More than seven years insolvency experience, more than three years at manager level, qualified accountant and capable of controlling all aspects of an administration. Experienced at all levels and considered very competent.
Manager	5 - 7 years' experience, qualified accountant, with well-developed technical and commercial skills. Should be constantly alert to opportunities to meet clients' needs and to improve the clients' future operation either by revenue enhancement or by reducing costs and improving efficiency. Supervises staff.
Assistant Manager	3 - 6 years' experience, will have conduct of minor administrations and experience in supervising staff, assists planning and control of medium to larger jobs.
Senior Analyst	1 - 4 years' experience, CA Program (or equivalent) would normally be completed during this period. Assists planning and control of small to medium sized jobs as well as performing some of the more difficult work on larger jobs.
Analyst	0 - 2 years, University graduate with little or no professional experience, required to assist in day to day fieldwork under supervision of more senior staff.
Graduate	Graduated from University with minimal insolvency experience. Required to assist in day to day field work and other routine tasks under supervision of more senior staff.
Undergraduate	Completed high school education and plans to undertake at least part-time degree/diploma, required to assist in administration and day to day field work under supervision or more senior staff.
Bookkeeper	Commercial experience gained in bookkeeping. May be a qualified accountant. Classification would depend on experience, salary and complexity of work to be conducted.
Personal Assistant	Appropriate skills including machine usage and customer service, general administration duties on jobs.
Administration	Non-qualified, assists with general administration duties on jobs.

* The above is taken as a general guide only. From time to time, there may be persons employed who, because of their skills and experience, are employed in positions where they may not necessarily meet all of the above qualifications.