

5 JULY 2018

REMUNERATION APPROVAL REPORT

ANTARES ENERGY LIMITED ACN 009 230 835
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)

Introduction

Information included in report

This remuneration approval report provides you with the information that the Corporations Act 2001 (“**Act**”) and the Code of Professional Practice published by the Australian Restructuring Insolvency and Turnaround Association (“**ARITA**”) requires creditors to receive to make an informed decision regarding the approval of our remuneration and the cost of our internal disbursements for undertaking the Deed of Company Arrangement of Antares Energy Limited (Subject to Deed of Company Arrangement) ACN 009 230 835.

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Part 1: Declaration

I, Quentin Olde of FTI Consulting have undertaken a proper assessment of the claims for remuneration and payment of our internal disbursements for the appointment as Deed Administrators of Antares Energy Limited (Subject to Deed of Company Arrangement) ACN 009 230 835 in accordance with the law and applicable professional standards. I am satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of this appointment and further, that the disbursements claimed are necessary and proper.

Part 2: Executive Summary

Remuneration

At the second meeting of creditors on 2 December 2016, approval was granted for the remuneration of the Voluntary Administrators and Deed Administrators for \$604,078.00 (excl GST) and \$150,000.00 (excl GST) respectively.

Remuneration claimed and previously approved is summarised below in Table 1 and Table 2 below:

Table 1: Current claim for remuneration

Period	Report Reference	Amount (excl GST) \$
Deed Administration		
Resolution 1: 10 May 2017 to 23 March 2018 (inclusive)	Schedule 1	121,573.30
Total		121,573.30

Table 2: Remuneration previously approved

Period	Amount (excl GST) \$
Voluntary Administration	604,078.00
Deed Administration	150,000.00
Total past remuneration	754,078.00

Please refer to report section references detailed in Table 1 and Table 3 for full details of the calculation and composition of the remuneration approval sought.

Part 3: Remuneration

Remuneration claim resolutions

We will be seeking approval of the following resolutions to approve our remuneration. Details to support these resolutions are shown immediately below the resolutions and in the schedules to this report.

Resolution 1: Remuneration from 10 May 2017 to 23 March 2018 (inclusive)

The remuneration of the Deed Administrators of Antares Energy Limited (Subject to Deed of Company Arrangement) ACN 009 230 835 for the period 10 May 2017 to 23 March 2018 (inclusive) be calculated on a time basis at the hourly rates set out in the Schedules of FTI Consulting Standard Rates effective 1 March 2017, and is determined and approved for payment in the amount of \$121,573.30 plus GST and the Deed Administrators can draw the remuneration from funds available.

Remuneration is calculated in accordance with the hourly rates applicable to the grades or classifications set out in the FTI Consulting Schedule of Standard Rates which appear at Schedule 2 to this report.

Details to support resolutions

The basis of calculating the remuneration claims are summarised below and the details of the major tasks performed and the costs associated with each of those major tasks are contained in Schedule 1.

Table 3 below sets out time charged to each major task area by staff members working on the Deed Administration for the period 10 May 2017 to 23 March 2018 (inclusive) which is the basis of the Resolution 1 claim. More detailed descriptions of the tasks performed within each task area, matching the amounts below, are contained in Schedule 1.

Table 3: Time charged to each major task area

Employee	Position	Rate/hour excl GST \$	Total actual hours	Total (excl GST) \$	Task Area			
					Assets \$	Creditors \$	Investigation \$	Administration \$
Quentin Olde	Sr Managing Dir	625.00	18.30	11,437.50	0.00	1,625.00	0.00	9,812.50
Liam Healey	Managing Dir	575.00	111.19	63,935.30	23,862.50	0.00	0.00	40,072.80
Jonathan Chee	Director	425.00	101.10	42,967.50	7,905.00	30,685.00	510.00	3,867.50
Deirdre Bryant	Consultant II	350.00	2.10	735.00	0.00	0.00	0.00	735.00
Samantha Rieger	Associate II	255.00	2.20	561.00	0.00	25.50	0.00	535.50
Henry Lister	Associate I	260.00	6.00	1,560.00	0.00	1,430.00	0.00	130.00
Cristina Mangraviti	Admin I	145.00	0.60	87.00	0.00	0.00	0.00	87.00
Darcie Coey	Administrative	145.00	2.00	290.00	0.00	290.00	0.00	0.00
Total			243.49	121,573.30	31,767.50	34,055.50	510.00	55,240.30
GST				12,157.33				
Total (including GST)				133,730.63				
Average hourly rate (excluding GST)				499.3	385.5	341.3	425.0	919.1

Total remuneration reconciliation

At this point in time, I estimate that the total remuneration for the Deed Administration will be \$271,573.30 plus GST. This includes the previous amounts approved and current approval being \$150,000.00 plus GST and \$121,573.30 plus GST respectively.

Comparison between current and previous remuneration approvals

At the creditors meeting of 2 December 2016, creditors approved my prospective remuneration of \$150,000.00 plus GST. To date, I have drawn the whole approval amount and applied it in payment of my remuneration. My remuneration has exceeded this cap with the reasons provided in my Final Report to Creditors dated 23 April 2018 and in this report, I am now seeking approval of a further capped amount of \$121,573.30 plus GST for outstanding remuneration for the Deed Administration.

In the following table I compare, on a task basis, my estimate from my report of 24 November 2016 to my actual costs as at 23 March 2018 and provide an explanation for the difference in cost.

Table 4: Comparison between current and previous remuneration approvals

Task	Estimate (excl GST) \$	Actual (excl GST) \$
Assets	35,000.00	64,329.50
Creditors	45,000.00	62,921.80
Trade On	0.00	6,777.00
Investigation	20,000.00	16,876.00
Dividend	25,000.00	0
Administration	25,000.00	120,669.00
Total	150,000.00	271,573.30

I make the following general comments regarding the progress of the Deed Administration that have affected the previous remuneration estimate:

- Prolonged period of negotiation between the DOCA proponent and the ASX in relation to recapitalisation requirements;
- Compliance with ASX conditions including the requirement to lodge all outstanding pre-appointment financial accounts of the Company (2 years of half yearly accounts); and
- Delays in the discontinuation of legal proceedings against Cruickshank and Shoemaker in the US.

Likely impact on dividends

The Act sets the order for payment of claims against the company and it provides for remuneration of the Liquidator to be paid in priority to other claims. This ensures that when there are sufficient funds, the Liquidator receives payment for the work done to recover assets, investigate the company’s affairs, report to creditors and ASIC and distribute any available funds. Even if creditors approve remuneration, this does not guarantee that I will be paid, as I am only paid if sufficient assets are recovered.

Any dividend to creditors will also be impacted by the amount of assets that I am able to recover and the amount of creditor claims that are admitted to participate in any dividend, including any claims by priority creditors such as employees.

There are insufficient funds to pay a dividend to unsecured creditors.

Part 4: Disbursements

Explanatory note on 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** - these are recovered at cost. Examples of externally provided non-professional costs are travel, accommodation and search fees.
- **Internal disbursements** such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing 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. Details of the basis of recovery of each of these costs is discussed below.

Internal disbursements not charged at cost must be approved by creditors before we can draw the cost of those disbursements from this external administration.

Creditor approval is not required in relation to externally provided professional and non-professional costs or disbursements charged at cost. Where payments to third parties have been made from the bank account of the external administration, those payments are disclosed in the summary of receipts and payments. Creditors have the right to question the incurring of the disbursements and can challenge disbursements in Court.

Internal disbursement claim resolutions

There are no internal disbursement to be claimed.

Basis of current internal disbursements

Current internal disbursements will be charged to the administration on the basis of the Schedule of FTI Consulting Internal Disbursement Rates as shown in Table 5 below.

Table 5: Schedule of FTI Consulting Internal Disbursement Rates

Disbursement	Note	Amount excl GST \$
Advertising and search fees		At cost
Courier		At cost
Postage		At cost
Printing and photocopying	Per page	0.50 (b/w) 1.00 (colour)
Facsimile	Per page	1.50 (local) 4.50 (international)
Storage and storage recall		At cost
Staff travel – mileage	ATO rates	Cents per km method
Other staff travel/out of pockets		At cost

Part 5: Summary of Receipts and Payments

A summary of receipts and payments to and from the bank account for the Deed Administration for 21 December 2016 to 16 May 2018 is below.

Table 6: Schedule of FTI Consulting Internal Disbursement Rates

Receipts and Payments Summary	
21 December 2016 to 16 May 2018	
Description	Amount (\$)
Receipts	
Distributions from Subsidiaries (AEC)	949,702.25
Deed Contributions	493,333.33
Tax Refunds	88,451.39
Transfer from Administrator	18,294.77
Listing Fee Reimbursements	8,020.83
Total Receipts	1,557,802.57
Payments	
Appointee Fees	(610,358.65)
Legal Fees	(406,081.15)
Annual Fees	(30,177.43)
Appointee Disbursements	(19,927.53)
Data Room Fees	(12,570.09)
Document Storage	(3,046.40)
Insurance	(365.75)
Sundry Expenses	(445.26)
Total Payments	(1,082,972.26)
Net Receipts/(Payments)	474,830.31

Part 6: Queries

If you have any queries or require any further information concerning our claim for remuneration please contact Jonathan Chee on (02) 8247 8020 or via email on jonathan.chee@fticonsulting.com.

You can also access information which may assist you on the following websites:

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for “insolvency information sheets”).

Yours faithfully
Antares Creditors Trust



Quentin Olde
Trustee

Schedule 1: Table of major tasks for resolution 1 remuneration approval

Table 7 provides a description of the work undertaken in each major task area for the period 10 May 2017 to 23 March 2018 (inclusive).

Table 7: Work undertaken for the period 10 May 2017 to 23 March 2018 (inclusive)

Task Area	General Description	Includes
Assets 60.1 hours \$31,767.50	Antares Energy Company (“AEC”) Completion	<ul style="list-style-type: none"> ▪ Corresponded with Paul Jordan (FTI Consulting, US) regarding the finalisation of the operations in AEC ▪ Review cashflow of operations and outstanding payables ▪ Investigation into available tax refunds
	Deed of Company Arrangement (“DOCA”)	<ul style="list-style-type: none"> ▪ DOCA effectuation preparation ▪ Discussions with Baker & McKenzie regarding effectuation issues ▪ Review of options in regard to fee approval ▪ Correspondences with DOCA proponent ▪ Finalisation of DOCA effectuation ▪ ASX/DOCA issues correspondence ▪ Correspondence with DOCA proponent
	US Litigation	<ul style="list-style-type: none"> ▪ Progress withdrawal of legal claims in the US ▪ Review and address request by Cruickshank and Shoemaker
Creditors 82.4 hours \$34,055.50	Creditor enquires	<ul style="list-style-type: none"> ▪ Receiving creditor enquires via telephone and email ▪ Maintaining register of creditor enquiries ▪ Responding to creditor enquiries by telephone, email, facsimile and post
	Creditor reports & circulars	<ul style="list-style-type: none"> ▪ Matter review ▪ Preparation of final report to creditors ▪ Estimated outcome statement review and update
	Shareholder enquiries	<ul style="list-style-type: none"> ▪ Communications with shareholders via phone and email ▪ Responding to shareholder claims ▪ Preparation and lodgement of ASX announcements
	Shareholder meeting	<ul style="list-style-type: none"> ▪ Various correspondence with top shareholders ▪ Liaise with investors and lawyers prior to the EGM

Task Area	General Description	Includes
		<ul style="list-style-type: none"> Prepare and hold EGM on 23 January 2018
Investigation 1.2 hours \$510.00	Conducting investigation into affairs of the Company	<ul style="list-style-type: none"> Reviewing books and records Investigating and understanding company nature and history Obtaining and reviewing statutory searches Preparation of comparative financial statements Investigating specific transactions warranting investigation
Administration 99.8 hours \$55,240.30	General correspondence & word processing	<ul style="list-style-type: none"> Word processing including correspondence and file notes Care and maintenance of the file
	File review/checklist/document maintenance	<ul style="list-style-type: none"> Administration review Document filing and maintenance File reviews Updating checklist
	Bank accounts	<ul style="list-style-type: none"> Bank account reconciliations Procuring and reviewing bank account statements Communications concerning bank account transactions
	DOCA Proponents	<ul style="list-style-type: none"> Assisting the DOCA proponents in preparing full year and interim audited accounts for FY15, FY16, FY17 and FY18. Corresponding with AEC to arrange preparation and provision of US accounts Review books and records to assist in the preparation of consolidated audited financial statements Arranging for the change in auditors
	ASIC lodgements	<ul style="list-style-type: none"> Preparation and lodging necessary forms with ASIC General communications with ASIC
	ASX lodgements	<ul style="list-style-type: none"> Preparation of ASX announcements regarding DOCA updates
	ATO lodgements	<ul style="list-style-type: none"> Preparation and submission of BAS

Task Area	General Description	Includes
	Other lodgements	<ul style="list-style-type: none"> ▪ Communications with ASX concerning ASX announcements
	Planning review	<ul style="list-style-type: none"> ▪ Ad hoc meetings concerning the status of the administration
	Storage of books and records	<ul style="list-style-type: none"> ▪ Organising and storage of books and records ▪ Dispatching and receiving books and records to/from storage

Schedule 2: FTI Consulting Schedule of Rates

FTI Consulting Standard Rates effective 1 March 2017 (excluding GST)		
Typical classification	All Offices \$/hour	General guide to classifications
Senior Managing Director	625	Registered/Official Liquidator and/or Trustee, with specialist skills and extensive experience in all forms of insolvency administrations. Alternatively, has proven leadership experience in business or industry, bringing specialist expertise and knowledge to the administration.
Managing Director	580	Specialist skills brought to the administration. Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee. May also be a Registered/Official Liquidator and/or Trustee. Alternatively, has extensive leadership/senior management experience in business or industry.
Senior Director	570	Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee, where required. May also be a Registered/Official Liquidator and/or Trustee or have experience sufficient to support an application to become registered. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.
Director	510	Significant experience across all types of administrations. Strong technical and commercial skills. Has primary conduct of small to large administrations, controlling a team of professionals. Answerable to the appointee, but otherwise responsible for all aspects of the administration. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.
Senior Consultant 2	440	Typically an ARITA professional member. Well-developed technical and commercial skills. Has experience in complex matters and has conduct of small to medium administrations, supervising a small team of professionals. Assists planning and control of medium to larger administrations.
Senior Consultant 1	380	Assists with the planning and control of small to medium administrations. May have the conduct of minor administrations. Can supervise staff. Has experience performing more difficult tasks on larger administrations.
Consultant 2	360	Typically ICAA qualified (or similar). Required to control the tasks on small administrations and is responsible for assisting with tasks on medium to large administrations.
Consultant 1	315	Qualified accountant with several years' experience. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 2	280	Typically a qualified accountant. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 1	260	Typically a university undergraduate or graduate. Required to assist with day-to-day tasks under the supervision of senior staff.
Junior Associate	185	Undergraduate in the latter stage of their university degree.
Administration 2	185	Well-developed administrative skills with significant experience supporting professional staff, including superior knowledge of software packages, personal assistance work and/or office management. May also have appropriate bookkeeping or similar skills.
Junior Accountant	155	Undergraduate in the early stage of their university degree.
Administration 1	155	Has appropriate skills and experience to support professional staff in an administrative capacity.

The FTI Consulting Standard Rates above apply to the Corporate Finance & Restructuring practice and are subject to review at 1 January each year.



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