

20 April 2021

CIRCULAR TO CREDITORS

CARBONCOR AUSTRALIA PTY LTD ACN 625 525 895 (ADMINISTRATORS APPOINTED) ("THE COMPANY")

I refer to the appointment of Daniel Woodhouse and I, Nathan Stubing as Joint and Several Administrators of the Company on 15 March 2021.

SECOND MEETING OF CREDITORS

The Administrators are required under the law to convene a second meeting of creditors, at which creditors will vote on the future of the Company.

I advise that the second meeting of creditors of the Company will be held **virtually on Thursday, 29 April 2021 at 10:00am (AWST)** via teleconference facilities.

Please find enclosed the following documents:

1. Administrators' Report pursuant to Section 75-225 of the *Insolvency Practice Rules (Corporations) 2016*;
2. Administrators' Remuneration Report;
3. Notice of Second Meeting of Creditors;
4. Appointment of Proxy Form;
5. Formal Proof of Debt or Claim Form; and
6. Guidance notes for completing proxy and proof of debt or claim.

Should you have any queries in relation to the second meeting of creditors, the enclosed documents or the voluntary administration generally, please contact Lo Taderera on (08) 9321 8533 or by email at lo.taderera@fticonsulting.com.



Nathan Stubing

Joint and Several Administrator

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20 April 2021

**Carboncor Australia Pty Ltd
(Administrators Appointed) ACN 625 525 895
("the Company")**

**Report to creditors – Section 75-225 of the
Insolvency Practice Rules (Corporations) 2016**

About this report: a guide for creditors

Voluntary administrators:

Nathan Stubing and Daniel Woodhouse

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Purpose of this report

- The Administrators are required to prepare this report under the *Corporations Act 2001* (the Act). We are required to provide creditors with information about the Company's business, property, affairs and financial circumstances.
- This report and its attachments contain details about the forthcoming second meeting of creditors to be held on **Thursday, 29 April 2021 at 10:00am (AWST)** and our opinion and recommendation about the future of the Company and what is considered to be in the creditors' interests. Creditors are required to decide whether:
 - the Company should execute a DOCA, or
 - the administration of the Company should end, or
 - the Company should be wound up.Alternatively, creditors can vote to adjourn the meeting for up to 45 business days to allow more time to make their decision.

Information included

- This report contains the information we are required by law to include, plus other information considered materially relevant to creditors to enable them to make an informed decision about the Company's future.
- The *Table of Contents* on the following page lists the sections of this report. A glossary and certain other information, including details about our claim for remuneration, is included in appendices.

Key messages and recommendations

- Pages 5 to 8 summarises the items considered to be the most important for creditors, and includes our recommendation to creditors.

Details and forms for the forthcoming creditors' meeting

- All details, forms and instructions relating to the meeting have been included with the covering letter and other documents attached to this report.

Questions and help

- Please contact us if you are unsure about any of the matters raised in this report and the impact that any decision about the Company's future may have on you.

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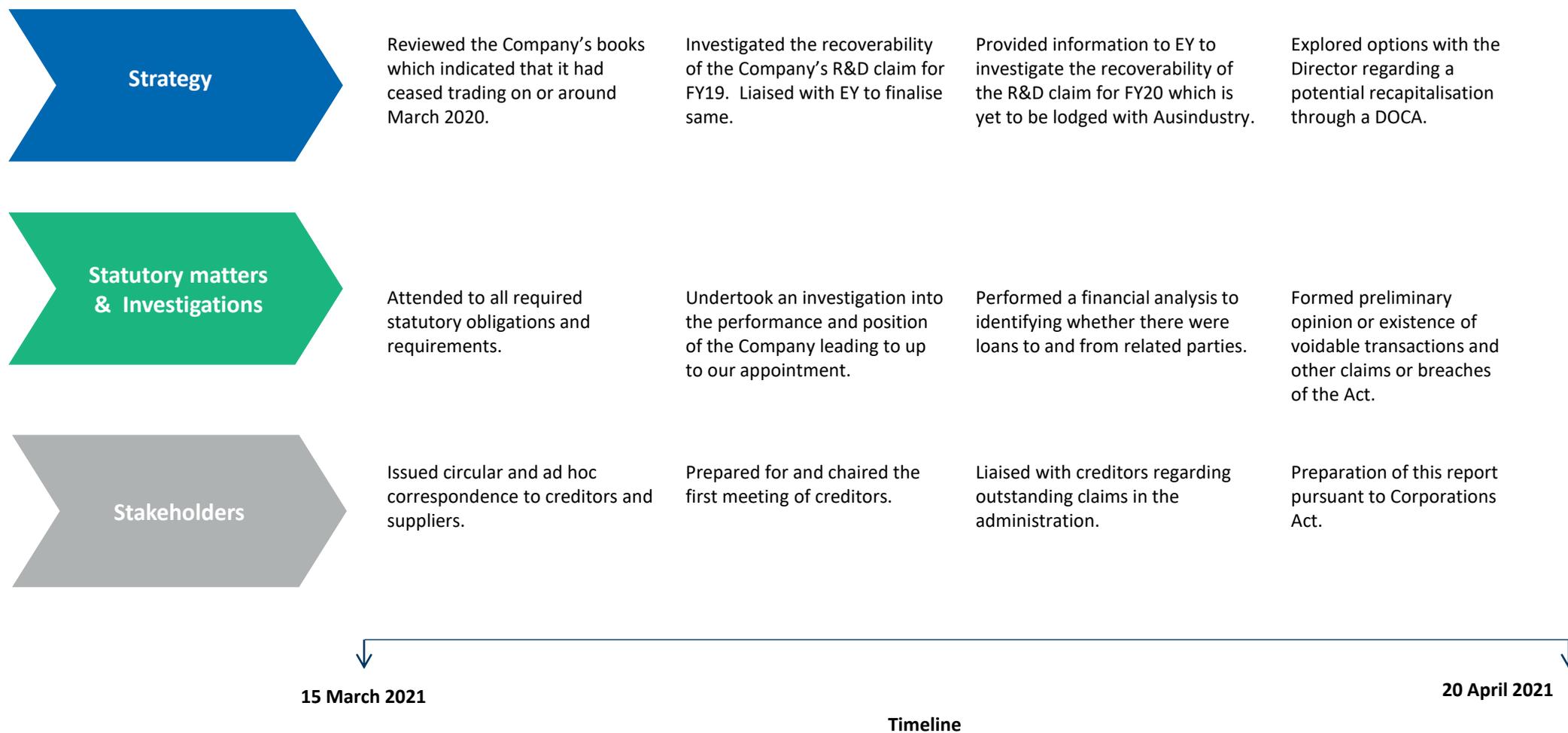
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Key messages and recommendations

I. Overview of administration strategy

Administrators' strategy and major actions



Further details and commentary on the Administrators' actions to date are provided in Section III.

I. Key messages for creditors

- Set out below is a summary of the key messages and recommendations that are detailed in this report. Please read this summary in conjunction with the remainder of the report including the terms of reference contained in **Appendix 1** and any other attachments.

Key areas	Commentary	Analysis
Background	The Company, a subsidiary of Carboncor Products Pte Ltd located in Singapore, was involved in the development of a cold asphalt premix used to surface, rehabilitate and maintain roads and highways. The product was considered to provide significant advantages over standard hot asphalt equivalents. Given the R&D nature of the Company's business it was heavily reliant on investor funding.	Section II
Explanations for the Company's difficulties	Based on our investigations to date, it appears that the Company's failure may be attributable to: <ul style="list-style-type: none"> ▪ the Company's high reliance on capital injections from its parent company and shareholders. When it became evident that funding from investors was not going to be available, the Company ceased trading. ▪ given the R&D nature of the Company, there was limited income since inception. Income earned was insufficient to pay its operating expenses. 	Section II
Administrators' actions and strategy	<ul style="list-style-type: none"> ▪ Other than the potential R&D claims for FY19 and FY20, the Company does not appear to have any realisable assets. ▪ We have investigated the recoverability of the Company's R&D claim for FY19 and FY20, including meeting with EY to understand the nature of the R&D claim and to provide further information. ▪ Further work is underway and the status of the Company's R&D claim will be reported in the Second Meeting of Creditors. ▪ We met with the Director to discuss restructuring options, including the context and background to a possible DOCA proposal. At this stage, no proposal has been received. ▪ We prepared and issued general and statutory correspondence and commenced our investigations into the affairs of the Company. 	Section III
Estimated date of insolvency & liability for insolvent trading	<p>At all times since incorporation, the Company has been reliant on external funding, provided by its parent. Without the support of external funding, the Company was likely insolvent since incorporation and remained so up until the time of our appointment on 15 March 2021. The Company's records indicate that external funding ceased to be received from 2 April 2020, with only minimal amounts received in early 2020. Therefore, it appears the Company was insolvent from at least 2 April 2020.</p> <p>We have considered whether potential action may exist against the Director for trading the Company whilst insolvent. Whilst it is apparent that the Company may have been insolvent from at least 2 April 2020, it appears that the Director had effectively ceased trading around this date, once he was aware that additional capital funding from its parent or elsewhere would not be available. This is supported by the negligible, if any further trade creditor balance incurred after April 2020.</p> <p>Further investigations into the Company's position and any debt incurred will be analysed in the liquidation, including whether the Director has any capacity to meet any insolvent trading claim.</p>	Section IV

I. Key messages for creditors

Key areas	Commentary	Analysis
Voidable transactions and offences	Based on our investigations to date, we consider there are possible voidable transactions that may result in property being recovered for the benefit of creditors. However, further investigations will be undertaken to confirm the transactions and may provide benefit to creditors.	Section IV
Offences by directors	<p>Based on the information available to us and enquiries made to date, in our view the following offences may have been committed by the directors:</p> <p>Director's duty to prevent insolvent trading</p> <ul style="list-style-type: none"> ▪ Section 588G of the Act imposes a statutory duty on a director of a company to prevent the company from trading whilst insolvent. Further, pursuant to section 588M of the Act, a director who fails to prevent a company from incurring a debt when the director is aware, or should have suspected, that the company was insolvent or would become insolvent as a result of incurring that debt, is liable for an amount equal to the loss or damage suffered. ▪ Section 588H of the Act provides the following defences for Director in respect of actions under sections 588G and 588M of the Act: Given investigations are undertaken in a relatively short timeframe, the work performed and conclusions reached are preliminary in nature. We note, possible defences may be available to the Director with respect to 588H(5) as reasonable steps were taken to prevent incurring of debt by ceasing trading when it became apparent that no funding would be available from either sales or external investors. Further investigations in this aspect will be undertaken in the liquidation. 	Section IV
Proposal for a deed of company arrangement	No proposal for a deed of company arrangement has been received.	Section VI
Estimated outcome for creditors	<p>At this stage, it is unclear whether sufficient assets will be realised to pay any class of creditors a dividend.</p> <p>The key factors and variables that will impact the potential return to creditors include:</p> <ul style="list-style-type: none"> ▪ the recoveries from the R&D tax claim (if successful); ▪ the quantum of outstanding employee entitlements yet to be verified; and ▪ estimated remuneration and costs to complete the Voluntary Administration and Liquidation. 	Section V
Remuneration	Under s 449E of the Act, the remuneration of the Administrators (and either the Deed Administrators or Liquidators, if appointed) can be fixed at the second meeting of creditors. Details of our proposed remuneration and resolutions are included in our Remuneration Approval Report.	Appendix 6

I. Recommendation on the Company's future

Our recommendation to creditors

In our opinion it is in the creditors' interests that the Company be wound up and a liquidator appointed.

Details about the estimated return to creditors and other information about what creditors can decide at the meeting are provided at sections V and VI of this report.

Options available to creditors	Option 1: Execute a DOCA	Option 2: Administration end	Option 3: Liquidation
Description	<ul style="list-style-type: none"> Whether it would be in the creditors' interests for the Company to execute a DOCA 	<ul style="list-style-type: none"> Whether it would be in the creditors' interests for the administration to end 	<ul style="list-style-type: none"> Whether it would be in the creditors' interests for the Company to be wound up
Key factors to consider	<ul style="list-style-type: none"> As no DOCA has been proposed, creditors cannot resolve to accept a DOCA at this time 	<ul style="list-style-type: none"> The Company is insolvent with no cash to pay all due debts and no confirmed prospects of obtaining external funding 	<ul style="list-style-type: none"> We have not been provided with a proposal for a DOCA for consideration and it is not appropriate that the administration ends as the Company is insolvent
Our opinion	<ul style="list-style-type: none"> Not in the creditors' interests that the Company execute a DOCA 	<ul style="list-style-type: none"> Not in the creditors' interests that the administration should end 	<ul style="list-style-type: none"> Is in the creditors' interests that the Company be wound up
Recommended option	Not recommended	Not recommended	Recommended
Potential to adjourn the meeting to a future date	<ul style="list-style-type: none"> Creditors may wish to adjourn the second meeting for up to 45 business days to allow time for a DOCA proposal to be submitted. It is matter for creditors to decide if they wish to adjourn the meeting 		



Background information

II. Background information

Appointment of Administrators

- On 15 March 2021, Daniel Woodhouse and I, Nathan Stubing were appointed Joint and Several Administrators of Carboncor Australia Pty Ltd (Administrators Appointed) in accordance with a resolution passed at a meeting of the Company's directors pursuant to section 436A of the Act.
- In a voluntary administration, the Administrators take control of a company and its affairs, superseding the powers of the directors and officers to make decisions and perform management functions.
- We also have a duty to investigate the Company's business, property, affairs and financial circumstances.

Outcome of the first meeting of creditors

- The first meeting of creditors was held on 25 March 2021 to consider the formation of a committee of creditors and whether or not to appoint different persons to be the Administrators of the Company.
- No committee was formed and there were no nominations to replace us as Administrators.

Administrators' prior involvement and independence

- In accordance with s436DA of the Act, we provided a DIRRI with our first communication to creditors. This DIRRI included the circumstances that led to our appointment as Administrators.
- A copy of our DIRRI is provided at **Appendix 5**, as provided with our first circular to creditors and referred to at the first creditors' meeting.
- There is no change to our assessment regarding our independence or to the information provided in the DIRRI.

Company information and historical performance

- **Appendix 2** includes the following information about the Company
 - Names of directors and officers.
 - Corporate structure, including existing shareholders.
 - Details of security interests and charges held over the Company.
 - Our comments about the existence and form of financial statements prepared by the Company.
 - A summary of the historical financial performance of the Company along with a preliminary analysis and comment.

II. Background information

History of the company and events leading to our appointment

- Detailed in the table below is an account of relevant material events prior to the appointment of Administrators.

History of the Company and Events Leading to Administrators' Appointment	
Date	Event
11-Apr-18	The Company was incorporated and commenced to trade. Andre Van Zyl and Johan Albertus Potgieter were appointed as directors.
30-Jun-18	Financial statements disclosed that no sales were generated and a net loss of \$275k was incurred for FY18.
18-Jun-19	Johan Albertus Potgieter resigned as director and James Layard was appointed.
30-Jun-19	Financial statements disclosed \$117k in sales and a net loss of \$2.8m incurred for FY19. Total funding of approximately \$915k was received from its parent Company for FY19.
22-Jul-19	James Layard resigned as director and Brent Mathew Loftus was appointed. Mr Loftus subsequently resigned on 30 November 2019.
7-Aug-19	The Company and CCNTNQ entered into a MSP agreement and a licence agreement whereby CCNTNQ would finance the construction of a purpose built plant to produce and distribute the Company's products throughout the Northern Territory and Northern Queensland regions and the Company would provide the know how to manufacture the product and get it to market. The Company was to reimburse CCNTNQ from royalties, from the sale of the product in order to purchase and take ownership of the plant. The Company was unable to provide the know how therefore, unable to generate revenues.
26-Nov-19	The Company failed to remit GST and PAYG payable for September 2019 quarter.
26-Feb-20	The Company failed to remit PAYG payable for December 2019 quarter.
Mar-20	Due to COVID-19 disruptions in early 2020, the business faced trading challenges and a lack of capital injections. This adversely affected the Company's prospects of trading through difficult conditions.
Mar-20	The Company sought a capital injection of approximately \$650k from external parties.
Apr-20	The Company failed to obtain funding from any source.
30-Jun-20	Financial statements disclosed sales figures of \$667.5k and a net loss of \$1.4m for FY20. The Company failed to lodge its BAS for the quarter ending June 2020 or any quarter thereafter. Total funding of approximately \$2.5k was received from its parent Company for FY20.
Sept-20	The R&D registration documentation for the FY19 R&D claim is lodged with Ausindustry by EY. There may be a potential claim for FY20, however, the Company to date has not submitted the registration paperwork with Ausindustry.
15-Mar-21	Nathan Stubing and Daniel Woodhouse were appointed Joint and Several Administrators of the Company.

II. Background information

Director's explanation for the Company's difficulties

- The Director has indicated to us that the current circumstances faced by the Company were as a result of the following:
 - the lack of working capital, which ultimately affected the Company's prospects of trading.
 - the impact of COVID-19 on its ability to obtain funding from investors.

The Administrators' view of the Company's failure

- From our investigations to date, we have identified the following possible causes for the Company's failure:
 - the Company was entirely reliant on capital injections from its parent company and other investors with the impact of Covid-19 affecting its ability to obtain further funding.
 - Given the nature of the Company's R&D activities, marginal sales were generated by the Company in the first two financial years of trading and losses were incurred. This made it difficult for the business to have adequate cash flow to sustain its operations.
 - The Company was unable to provide the required know how to CCNTNQ in order for CCNTNQ to successfully produce and market the Company's products and therefore, the Company did not receive any income from royalties and was unable to generate a profit.
 - Our findings above are preliminary only. In the event that the Company is placed into liquidation, further investigations will be undertaken.

Opinion about books and records

- Section 286(1) of the Act requires a company to keep written financial records that correctly record and explain its transactions and financial position and performance, and would enable true and fair financial statements to be prepared and audited.
- In considering compliance with this section, since our appointment we have:
 - reviewed various financial reports to help us understand the Company's asset and liability positions.
 - reviewed various correspondence files and documents relevant to the Company's financial position and performance of the Company.
 - undertaken investigations and reviews incorporating financial records and data.
 - discussed with the Company's finance function, processes and record keeping practices with its Director.
- In our view, as at the date of our appointment the financial records of the Company appear to have been maintained in accordance with s286 of the Act.

Outstanding winding up applications

- Based on searches performed at the time of our appointment, no winding up applications appear to have been lodged with a Court against the Company.



Strategy and financial position

III. Actions and strategy to date

Summary of actions and strategy

- At the time of our appointment, the Company had ceased to trade. Therefore, we reviewed the available options for the Company to either be placed in DOCA or Liquidation.
- Our key strategies and actions have involved:
 - Obtaining access to the Company's books and records and conducting an urgent review of same.
 - Conducting discussions with the Director in relation to the Company's affairs and the provision of information required to perform our investigations.
 - Reviewing the recoverability of the R&D claim and meeting with EY in regard to same. Reviewing and providing access to information from the Company's Xero program to enable EY to finalise the R&D claim.
 - Obtaining a valuation of available stock (tire crumb) and negotiating with parties in relation to the sale of same.
 - Conducting a review of the availability of funding to the Company.
 - Reviewing outstanding statutory claims and employee entitlements.
 - Preparing an initial report to creditors, holding the First Meeting of Creditors and preparing this Administrators' report to creditors.
 - Conducting ASIC and PPSR searches and other relevant searches.
 - Obtaining other third-party confirmations to confirm the Company's asset and liability position.

Other actions taken to date

- Since our appointment we have also:
 - Notified all creditors and applicable statutory and Government bodies of our appointment.
 - Considered whether insurance cover was required over the Company's assets.
 - Written to all creditors and those with security interests registered on the PPSR.
 - Met with the Director, discussed restructuring options, including the context and background to a possible DOCA proposal.
 - Reviewed the available books and records and other information concerning the Company in order to identify whether there are any voidable transactions or other circumstances where money or property may be recoverable for the benefit of creditors. The findings of our investigations are outlined in Section IV.
 - Further details of specific tasks undertaken are included in our Remuneration Approval Report at **Appendix 6**.

III. Company's financial position at appointment

Report On Company Activities and Property Part A by the Director

- Immediately after our appointment, we requested that the Director provide a statement about the Company's business, property, affairs and financial circumstances in the form of a ROCAP Part A (Form 507) (**ROCAP Part A**), pursuant to section 438B (2) of the Act.
- We received a ROCAP Part A completed of the Company's director on 24 March 2021. A summary of is set out below:

ROCAP as at 15 March 2021			
	Note	Book Value (\$)	Administrators' Estimated Value (\$)
Assets:			
Cash at bank	1	61.39	654.80
Debtors and receivables	2	53,477.65	0.00
Loans to related parties	3	1,784.30	0.00
Plant and Equipment	4	289,290.91	0.00
Other Assets (Carbon Credits)	5	TBC	TBC
Total Assets		344,614.25	654.80
Liabilities:			
Employee entitlements	6	(116,339.25)	(321,694.85)
Loan from related parties	7	(2,227,975.25)	(2,227,975.25)
Unsecured Creditors	8	(2,659,790.76)	(3,027,087.15)
Total Liabilities		(5,004,105.26)	(5,576,757.25)
Surplus / (Deficiency) Before Costs		(4,659,491.01)	(5,574,318.15)

The following notes should be read in conjunction with the above table.

Our comments on the ROCAP Part A

- Note 1 - Cash at bank
 - The Company held four bank accounts with the Commonwealth Bank which collectively held a balance of \$654.80 at the date of appointment.
- Note 2 – Debtors and receivables
 - The Company's records disclose that \$53.5k is due from customers. Our investigations have determined that this amount would be set off against the amount owed to CCNTNQ and therefore is not recoverable.
- Note 3 – The balance relates to the loan provided to the parent Company and to employees and is therefore not recoverable.
- Note 4 - Plant and equipment
 - The plant and equipment consists of the plant constructed by CCNTNQ incorrectly recorded as an asset of the Company, given no payments were made to CCNTNQ in this respect.
- Note 5 –Other Assets
 - Other assets consist of the R&D claim for FY19 and FY20. We are currently assessing the value of same. However, initial estimates are circa \$200k for the FY19 claim. Note that, in the event of a successful claim, the ATO is able to offset against amounts owed.
- Note 6 – Employee entitlements
 - The Director has advised that all employees were terminated prior to our appointment. We have received one claim which is yet to be adjudicated. However, our initial review of the claim indicates further investigation will be required as there are discrepancies around the employing entity.
- Note 7 – Loan from related parties
 - The loan from related parties is comprised of:

Loan from Related Parties	Amount (\$)
Loan from Carboncor Products	2,197,975.25
Loan from Directors	30,000.00
Total	2,227,975.25
- Note 8 – Unsecured creditors
 - CCNTNQ is the Company's significant creditor and the remainder is owed to various trade suppliers.



Investigations, offences and voidable transactions

IV. Overview – voidable transactions and insolvency

Duty to investigate

- The law requires us to investigate and specify whether there appear to be any voidable transactions in respect of which money, property or other benefits may be recoverable by a liquidator under Part 5.7B of the Act.
- We have sought to ascertain whether the Company was insolvent at any particular point in time prior to our appointment as Administrators, in order to determine a point in time from which these provisions may apply.

Relevance of insolvency and liquidation

- The ability to challenge voidable transactions and recover money/property for creditors is contingent on two elements:
 - The Company being placed into liquidation, and
 - A liquidator being able to establish that the Company was insolvent at the time it entered into any particular transaction, or that the Company became insolvent as a consequence of that transaction.

Work performed

- We have made enquiries into the financial affairs of the Company. In this section, we set out our preliminary views and findings about:
 - Offences that may have been committed.
 - The solvency position of the Company.
 - Existence of voidable transactions – including unfair preferences/loans, uncommercial transactions, arrangements to avoid employee entitlements, and unreasonable director related transactions.
 - Charges that may be voidable.
 - Whether there is the prospect of a claim for insolvent trading.
- Please note the investigations we have undertaken are only indicative of the actions that may be possible in the event of liquidation.

Date of insolvency

- Our key workings and other analysis are contained in **Appendix 3**.
- In the appendix we have also included some general comments and information about recoveries via voidable transactions, insolvent trading and common factors that indicate insolvency.
- The summary of our findings and views on the Company’s solvency position are on the following pages.

Creditors’ information sheet and other explanations

- Provided at **Appendix 4** is an information sheet to assist creditors in understanding potential offences under the Act, recoverable transactions; and insolvent trading.
- Creditors should read this information in conjunction with our comments in this section of the report.

Relevance of liquidation versus DOCA

- Voidable transactions and other actions that a liquidator can make are not available if the Company executes a DOCA.
- As a result, creditors have to assess the advantages to them of a DOCA (and any benefits that may be available to them in this scenario), compared to the likely return in a liquidation (and any recoveries that may be available where a liquidator is appointed).
- No DOCA has been proposed.
- Any recoveries from R&D claim or preference claims (if any) may be applied in a liquidation.

IV. Insolvency and liability for insolvent trading

Summary of findings

- We summarise the key findings from our investigations into the Company's solvency position as follows:
 - The Company incurred monthly trading losses from inception.
 - The Company was heavily reliant on funding from its parent company and other investors. The Company had insufficient cash and cash equivalents to meet its debt obligations as and when they fell due.
 - The Company was unable to provide the know how in order for royalties to be received on the sale of its products.
 - The trade creditor balance continued to increase over the period up to April 2020.
 - The Company had outstanding statutory obligations with the ATO which included failing to lodge its June 2020 quarterly BAS (and for every other quarter thereafter). We understand that the ATO is owed approximately \$37k as at the date of appointment.
 - The Company had a net asset deficiency since inception which significantly increased up to April 2020.
 - Since April 2020, the Company has intermittently recorded transactions in its accounting system due to its limited operating activities. It subsequently stopped recording transactions from July 2020 given the Company had ceased its operations.
 - Over the three years of the Company's operations, a total of four directors have been appointed with three subsequently resigning.
 - The Liquidator (if appointed) would undertake additional analysis to determine any debt incurred during the insolvent period.

Solvency review – indicators of insolvency

Indicia of Insolvency																				
Indicator	FY18	FY20	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
Trading losses	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Insufficient cash flow	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Difficulties in selling stock or collecting debts	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Creditors paid outside terms / special arrangements	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Arrears of statutory liabilities	x	x	x	x	x	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cheques are being returned dishonoured / payments dishonoured	x	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Legal action threatened or commenced	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?
Inability to obtain new or alternative funding	x	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Inability to produce accurate financial information	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Resignation of directors or other senior management	x	✓	✓	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Qualified audit opinion	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?
The Company has defaulted, or is likely to default, on its agreements with its financier	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?
Finance staff raise solvency concerns	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?	?
Inability to sell surplus assets	?	?	?	?	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Issuing post dated cheques	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x

Key

Item	Symbol
Indicator present	✓
Further investigation required	?
Indicator not considered present	x

IV. Insolvency and liability for insolvent trading

Estimated date of insolvency

- Our preliminary view is that the Company was likely insolvent from 2 April 2020, or possibly earlier, when it failed to obtain further funding from its any party.
- The primary reasons for our views are set out below:
 - whilst indicators suggest that the Company may have been insolvent from inception, funding was available and intermittently received from its parent company.
 - our review of the Company’s books and records have determined that:
 - the last sale to a third party customer of \$39k was on 16 March 2020. Shortly thereafter, Covid-19 disrupted many business operations;
 - the Company made its last payment of \$2,000 towards its outstanding ATO statutory debt on 17 March 2020;
 - the parent company was sporadically depositing funding from 26 June 2019 and the Company received approximately \$2,500 from its parent company during FY20, with the last receipt on 2 April 2020;
 - the Director continued to seek further funding from investors, however, it became apparent that no further funding would be received from investors.

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Preliminary view on liability for insolvent trading

- Based on our estimated date of insolvency, there is unlikely to be a claim for insolvent trading, as the Company ceased trading and did not appear to have incurred any new debt after the determined date.
- If the Company was wound up and a liquidator appointed, further work would be performed on the solvency position of the Company to determine whether there is a benefit to creditors in pursuing the Director for insolvent trading.
- Creditors should refer to **Appendix 3 and 4** for additional information on insolvency and pursuing insolvent trading claims generally.

IV. Voidable transactions

- We set out below our preliminary findings in relation to potential recoveries from voidable transactions in a liquidation scenario including our view on the likelihood of there being substantiated and supportable claims. Where applicable, we have included our estimate of possible recoveries along with any other pertinent information.
- For general information explaining these matters, including a list of applicable offences, please refer to **Appendix 4**.

Area	Our view	Comments
Unfair preferences	No claims	<ul style="list-style-type: none"> ■ We have reviewed the payments made by the Company during the period leading up to appointment, taking into account the potential date of insolvency of the Company. ■ Based on our investigations to date, we do not consider there are any preferential payments that would likely result in property being recovered for the benefit of creditors.
Uncommercial transactions	No claims	<ul style="list-style-type: none"> ■ We are not aware of any potential uncommercial transactions that may result in property being recovered for the benefit of creditors.
Unfair loans	No claims	<ul style="list-style-type: none"> ■ We are not aware of any potential unfair loans that would likely result in property being recovered for the benefit of creditors.
Unreasonable payments to directors	No claims	<ul style="list-style-type: none"> ■ Our investigations to date have not found any evidence of unreasonable payments to directors.
Related entity benefit	Possible claims	<ul style="list-style-type: none"> ■ Our investigations to date have identified possible related entities transactions that may result in property being recovered for the benefit of creditors with reference to Section 588FDA of the Act. However, further investigations will be undertaken to confirm this claim given the transaction identified occurred in March 2020 and identified parties have significant claims in the administration.
Arrangements to avoid employee entitlements	No claims	<ul style="list-style-type: none"> ■ Our investigations to date have not revealed the existence of any such arrangements.
Voidable charges	None	<ul style="list-style-type: none"> ■ Our investigations have not revealed any charges or registered security interests that would be void against a liquidator.
Offences by directors	Possible claims	<ul style="list-style-type: none"> ■ Based on our investigations to date, it appears that offences may have been committed by the director. However, further investigations are required to ascertain whether there is any claim likely to the benefit of creditors. ■ Our review revealed possible defences with respect to 588H(5) as reasonable steps were taken to prevent incurring of debt by ceasing trading when it became clear that no funding will be available from either sales or funding from creditors.

IV. Disclosures: effect on employees

Effect on employees - liquidation

Position as priority creditors

- Employees are afforded a priority in the winding up of a company compared to ordinary unsecured creditors. The order of priority for typical employee claims is as follows:
 - Amounts due in respect of wages, superannuation and superannuation guarantee charge outstanding as at the date of the appointment of Administrators, followed by
 - Amounts due in respect of leave of absence and other amounts due under the terms of an industrial instrument, followed by
 - Retrenchment payments.

Return to employees if the Company is wound up

- Section V includes details about the estimated return to creditors if the Company is wound up and a liquidator appointed.

Government assistance available if the Company is wound up

- If there is insufficient funds available to employees from the Company's property, **eligible** employees may be entitled to lodge a claim for their unpaid entitlements under the Federal Government's FEG Scheme.
- Details about FEG can be read at: <https://www.employment.gov.au/fair-entitlements-guarantee-feg>.

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Effect on employees – DOCA

- Employees should note that the FEG Scheme is not available to employees in the event that the Company executes a DOCA.
- At the date of this report, no DOCA has proposal has been put forward.



Estimated return to creditors

V. Estimated return to creditors

Estimated return to creditors

- At this stage, no DOCA has been proposed by the Director or other parties. Therefore, any return to creditors is dependent on the recovery of the R&D claim in the event creditors place the Company in liquidation.
- In this regard, we understand that entities engaged in R&D may be eligible for:
 - a 43.5% refundable tax offset for eligible entities with an aggregated turnover of less than \$20m per annum, provided they are not controlled by income tax exempt entities; or
 - 38.5% non-refundable tax offset for all other eligible entities.
- We have been advised that the ATO will pay a refund to a company in liquidation, however, generally before refunding a credit to the taxpayer, it must be applied to any outstanding debts of the Company. ‘
- The ATO is also likely to accept any request for a R&D refund post liquidation. At this stage, the R&D claim for FY19 has been lodged with Ausindustry. The Company’s accountants are currently finalising same to enable the Company’s tax return to be prepared and lodged with the ATO.
- The R&D claim for FY20 has not been lodged with Ausindustry and accountants are currently reviewing this claim.
- We will provide a further update at the Second Meeting of Creditors.

Receipts and payments

- A summary of receipts and payments since the date of our appointment to 20 April 2021 is shown below:

Receipts and Payments for the period 15 March 2021 to 20 April 2021	
	Amount (\$)
Total Receipts	25,018.53
Total Payments	0
Net Receipts	25,018.53

- As previously advised, the amounts received are in relation to indemnity funds from the Director for the payment of the Administrators’ remuneration.



Administrators' opinion and recommendation

VI. Opinion and recommendation to creditors

What creditors can decide at the meeting

- At the second meeting of creditors, creditors are required to decide whether:
 - The Company should execute a DOCA; or
 - The administration of the Company should end; or
 - The Company should be wound up; or
 - Second meeting be adjourned for a period not exceeding 45 business days.
- In accordance with the requirements of Section 75-225 of the *Insolvency Practice Rules (Corporations) 2016*, the Administrators must provide an opinion on each of the above options, and whether the option is in the creditors' interests.

Administrators' opinions on the options available to creditors

1. Execution of a deed of company arrangement

- As no DOCA has been proposed, creditors cannot resolve to accept a DOCA at this time. Therefore, ***we do not consider it would be in the creditors' interests for the Company to execute a DOCA.***
- It remains an option for creditors to consider whether they may wish to adjourn the forthcoming meeting of creditors to allow time for a DOCA proposal to be submitted.

2. The Administration comes to an end

- If the creditors vote for this alternative, control of the Company would revert to the Director following the forthcoming meeting of creditors.
- The Company is insolvent with no cash to pay the Company's debts and no confirmed prospects of obtaining external funding. Therefore, ***we do not consider that it would be in the creditors' interests for the administration to end.***

3. The Company is wound up

- Absent the other options being viable alternatives, ***we consider that it would be in the creditors' interests for the Company to be wound up.*** The the Company is insolvent. We have not been provided with a proposal for a DOCA for consideration and it is not appropriate that the administration ends for the reasons noted above.

Administrators' opinion on voidable transactions

As previously stated, it is the opinion of the Administrators that there appear to be transactions that may be voidable transactions as defined in Section 75-225 of the *Insolvency Practice Rules (Corporations) 2016*.

Given the time constraints that are imposed on Administrators in preparing this report and the limitations imposed by the adequacy of the books and records, the matter of voidable transactions will be examined in more detail. Further investigations would be conducted by a liquidator (if so appointed) to determine the existence and strength of any claims and the commerciality of pursuing such claims.

Dated this 20th day of April 2021



Nathan Stubing
Joint and Several Administrator



Appendix 1 – Glossary and terms of reference

Glossary and terms of reference

Item	Definition
Act	Corporations Act 2001 (Cth)
Administrators	Nathan Stubing and Daniel Woodhouse
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office (incorporating the Deputy Commissioner of Taxation, as applicable)
Carboncor Products or the parent Company	Carboncor Products Pte Ltd
CCNTNQ	Carboncor NTNQ Pty Ltd
Company	Carboncor Australia Pty Limited
Director	Andre Van Zyl
DIRRI	Declaration of independence, relevant relationships and indemnities
DOCA	Deed of company arrangement
ERV	Estimated realisable value
FY18, FY19, FY20, YTD21	Financial years ended/ending 30 June 2018, 30 June 2019, 30 June 2020 and Year to Date financial from 1 July 2020 to date of appointment
GST	Goods and Services Tax, as applicable in Australia
IPR	Insolvency Practice Rules
management	The senior officers, employees and advisors of the Company including the Director
MSP	Master Service Provider Agreement
PPSR	Personal Property Securities Register
ROCAP	Report On Company Activities and Property
the Act	Corporations Act 2001
YTD	Year to date

Terms of reference

- This report has been prepared for the creditors of Company to assist them in evaluating their position as creditors and in deciding on the Company's future. None of the Administrators, FTI Consulting and its staff shall assume any responsibility to any third party to which this report is disclosed or otherwise made available.
- This report is based on information obtained from the Company's records, the directors and management of the Company and from our own enquiries. While we have no reason to doubt the veracity of information contained in this report, unless otherwise stated we have proceeded on the basis that the information provided and representations made to us are materially accurate, complete and reliable. We have not carried out anything in the nature of an audit, review or compilation.
- This report may contain prospective financial information, including estimated outcomes for creditors, and other forward looking information. As events and circumstances frequently do not occur as expected, there may be material differences between estimated and actual results. We take no responsibility for the achievement of any projected outcomes or events.
- We reserve the right to alter any conclusions reached on the basis of any changed or additional information which may become available to us between the date of this report and the forthcoming meeting of creditors.
- Creditors should seek their own advice if they are unsure how any matter in this report affects them.



Appendix 2 – Company information

Statutory information

Incorporation and office	Details
Date of registration	11 April 2018
Place of registration	Northern Territory
Principal Place of Business	Unit 2, 40 Tennant Street, WELSHPOOL WA 6106
Registered Office	C/- Deloitte Level 11, 24 Mitchell Street DARWIN NT 0800

Directors and officers at appointment	
Director name	Andre Van Zyl
Appointment date	11 April 2018

Details of shareholders

- The Company has \$100 in paid up capital and 100 shares on issue.
- Members details are as follows:
Carboncor Products Pte Ltd (Singapore) with 100% shareholding

Details of security interests and charges

- The following details the security interests registered on the PPSR, plus any other prima facie valid charges that the Administrators are aware of:

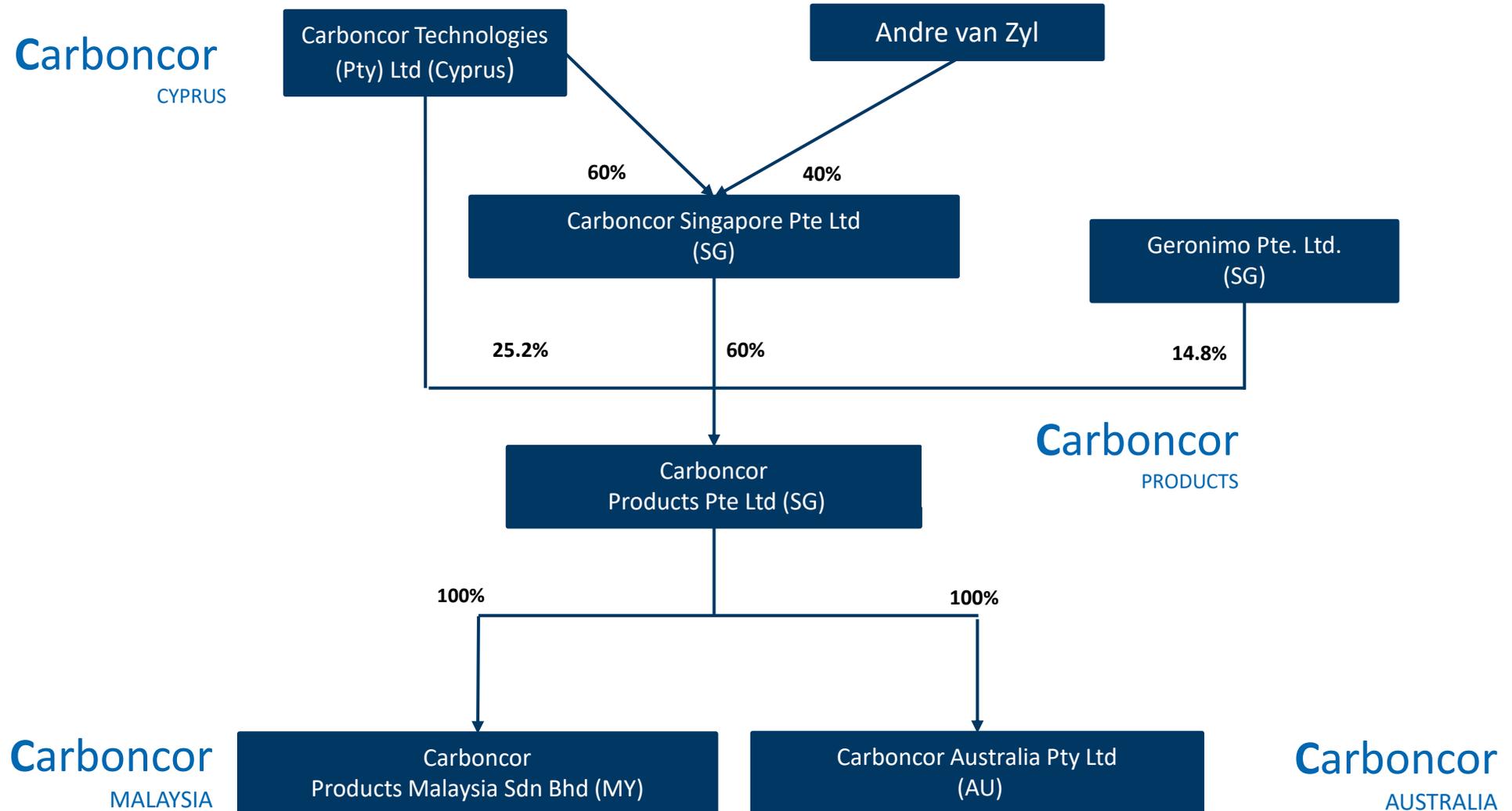
Summary of Security Interest's Registered

Secured Party	Collateral Type	Date of registration
Royal Wolf Trading Australia Pty Limited	Other Goods	8 Aug 2019
Demountable Sales & Hire Pty Ltd	Other Goods	3 Jul 2018
Boral Group of Companies	Other Goods	10 Dec 2018
Atlas Copco (Temp) Australia Pty Ltd	Other Goods	18 Jun 2019
Atlas Copco (Temp) Australia Pty Ltd	Motor Vehicle	18 Jun 2019
Centurion Transport Co. Pty Ltd	All PAAP	25 Mar 2019

- We have contacted the above security interests at the time of our appointment and have not yet received confirmation from all creditors.

Company Structure

- Detailed below is the organisation chart for the Company and related parties as at appointment date.



Historical financial information

Profit and Loss					
A' \$000	Note	YTD	Unaudited FY20	Unaudited FY19	Unaudited FY18
Sales	1	Nil	667,502	117,725	0
Less cost of sales		Nil	549,237	919,390	238,936
Gross Profit		Nil	118,265	(801,666)	(238,936)
<i>Gross profit margin %</i>			<i>18%</i>	<i>-681%</i>	
Plus Other Income		Nil	48,435	5,314	342,082
Less operating expenses					
Head Office Support		Nil	(1,065,607)	(1,229,557)	(158,116)
Other Expenses		(150,821)	(478,977)	(764,709)	(219,707)
Total operating expenses		(150,821)	(1,544,585)	(1,994,266)	(377,823)
Net Profit before Tax	2	(150,821)	(1,377,884)	(2,790,617)	(274,677)

Notes :

1. The Company generated no sales in FY18 and minimal sales in FY19. Sales FY20 were insufficient to pay its debts as and when it fell due.
2. Given the nature of the Company's operations predominately being R&D, the Company incurred net losses in every year since inception.

Historical financial information

Financial Position					
		Draft Management	Unaudited	Unaudited	Unaudited
	Note	YTD21	FY20	FY19	FY18
Current Assets					
Cash at bank		61	62	28,140	100
Accounts Receivable	1	53,478	53,761	18,736	0
Other Current Assets	2	343,866	343,866	346,376	342,082
Total Current Assets		397,405	397,689	393,252	342,182
Non-Current Assets					
Plant, Tools & Equipment	3	289,291	289,291	339,322	221,785
Rent deposit	4	30,000	30,000	0	3,940
Total Non-Current Assets		319,291	319,291	339,322	225,725
Total Assets		716,696	716,980	732,574	567,907
Current Liabilities					
Accounts payable	5	(2,656,601)	(2,812,564)	(1,479,539)	(164,743)
GST Liabilities		(3,185)	(3,185)	22,069	34,575
Employee Entitlements	6	(116,339)	(116,339)	(37,300)	(6,056)
Rounding		5	5	5	0
Total Current Liabilities		(2,776,119)	(2,932,083)	(1,494,766)	(136,225)
Non-Current Liabilities					
Related Party Loans	7	(2,227,975)	(2,227,975)	(2,303,002)	(706,259)
Total non-current liabilities		(2,227,975)	(2,227,975)	(2,303,002)	(706,259)
Total Liabilities		(5,004,095)	(5,160,058)	(3,797,768)	(842,484)
Net Assets	8	(4,287,399)	(4,443,078)	(3,065,194)	(274,577)

- The following notes should be read in conjunction with the adjacent table:
 1. The Company's records disclose that \$53.5k is due from customers. Our investigations have determined that this amount would be set off against the amount owed to CCNTNQ and therefore is not recoverable.
 2. Other assets consists of stock which appears to have remained static over the relevant period. We are not aware of any stock available with the exception of 21t of tire crumb held at a third party warehouse.
 3. The plant and equipment consists of the plant constructed by CCNTNQ incorrectly recorded as an asset of the Company, given no payments were made to CCNTNQ in this respect.
 4. We note a rent deposit is recorded in the Company's accounts however, our investigations do not identify any amount owing and recoverable.
 5. 86% of the accounts payable balance relates to amounts owed to the parent company. The Company's records disclose that there was no debts incurred in the six months prior to the Administrators' appointment.
 6. The Director has advised that all employees were terminated prior to our appointment. We have received one claim which is yet to be adjudicated. However, our initial review of the claim indicates that he was employed with the parent company with employee entitlements paid by the Company. We understand that there may be some superannuation that is outstanding.
 7. The Company records disclose that it received a total of \$2.2m from its parent company to fund its day to day operations and pay trade suppliers. A further \$30k relates to funds received from the Director.
 8. The Company's records disclose that it had a net asset deficiency since inception.



Appendix 3 – Investigations – analysis and information

General information and considerations

Date of insolvency

- In order to ascertain if there were any insolvent transactions entered into by a company, it is first necessary to determine the date a company became insolvent.
- Proving the date on which, a company became insolvent is an essential element of recovery actions with respect to unfair preferences, uncommercial transactions and insolvent trading.
- Recovery actions require the liquidator to prove that the particular company was insolvent at the time of the transaction, or in the case of an insolvent trading action, when the debt was incurred.

What is insolvency?

- Solvency is defined in s 95A of the Act as when a company is able to pay all its debts as and when they become due and payable. A company that is not solvent is insolvent.
- Whether a company is able to meet its debts as they become due is essentially a “cash flow” test rather than a “balance sheet” test (although the company’s balance sheet position is still relevant).
- Consideration of the entire financial position of a company is required to establish if it is insolvent at a particular date. This includes factors such as the value of the company’s assets relative to its liabilities and the nature of these assets and liabilities. Also, the extent to which cash is expected to be generated from future trading activities, or available from alternative sources is relevant to considering a company’s solvency position.

General and commercial considerations

- Proving insolvency is often a complex exercise and usually involves considerable time and expense in thoroughly investigating all aspects of claims. Legal advice on the merits of claims is generally required.
- Typically, insolvent trading claims are defended and directors may seek to rely on the statutory defences available to them.
- Legal proceedings are often necessary for liquidators to pursue claims. This adds to the time and costs involved in pursuing claims. There is also inherent uncertainty involved with any litigation. As a result, commercial considerations are relevant, including whether the amount of the claim is large enough to pursue on a cost and risk/benefit basis.
- The capacity of a party to pay any successful claim to a liquidator is also a relevant consideration in determining whether or not pursuing an action is likely to be in the interest of creditors.
- Liquidators may not have funds to pursue actions. At other times, the liquidator may view the risks/benefits of pursuing an action not to be in the interest of creditors (for example, in cases where pursuing an action would use up the available cash/assets when otherwise a small dividend to creditors could be paid). In these circumstances, it is possible that a creditor or a litigation funder may wish to fund an action to pursue a claim. This typically occurs only when there is a very strong case and high prospect of success.

Indicators of potential insolvency

Factors to take into account

- The company has a history of continuing trading losses.
- The company is experiencing cash flow difficulties.
- The company is experiencing difficulties selling its stock, or collecting debts owed to it.
- Creditors are not being paid on agreed trading terms and/or are either placing the company on cash-on-delivery terms or requiring special payments on existing debts before they will supply further goods and services.
- The company is not paying its Commonwealth and state taxes when due (e.g. pay-as-you-go instalments are outstanding, goods and services tax (GST) is payable, or superannuation guarantee contributions are payable).
- Cheques are being returned dishonoured.
- Legal action is being threatened or has commenced against the company, or judgements are entered against the company, in relation to outstanding debts.
- The company has reached the limits of its funding facilities and is unable to obtain appropriate further finance to fund operations—for example, through:
 - negotiating a new limit with its current financier; or
 - refinancing or raising money from another party.
- The company is unable to produce accurate financial information on a timely basis that shows the company's trading performance and financial position or that can be used to prepare reliable financial forecasts.
- Company directors have resigned, citing concerns about the financial position of the company or its ability to produce accurate financial information on the company's affairs.
- The company auditor has qualified their audit opinion on the grounds there is uncertainty that the company can continue as a going concern.
- The company has defaulted, or is likely to default, on its agreements with its financier.
- Employees, or the company's bookkeeper, accountant or financial controller, have raised concerns about the company's ability to meet, and continue to meet, its financial obligations.

- It is not certain that there are assets that can be sold in a relatively short period of time to provide funds to help meet debts owed, without affecting the company's ongoing ability to continue to trade profitably.
- The company is holding back cheques for payment or issuing post-dated cheques.

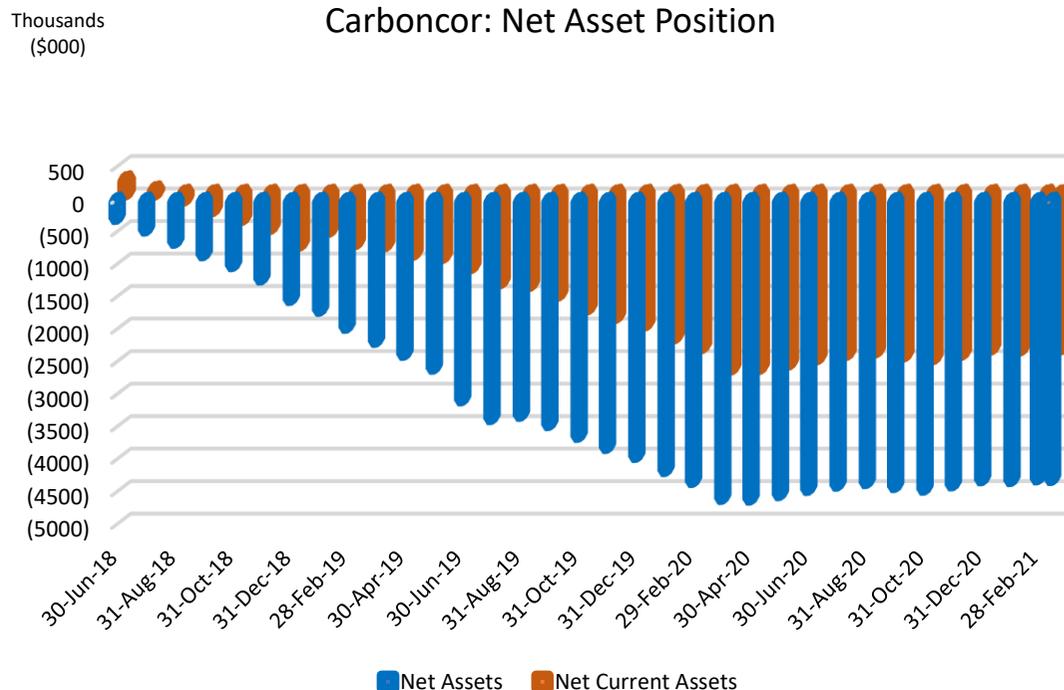
Source: ASIC Regulatory Guide 217 - Duty to prevent insolvent trading: Guide for directors

ASIC's view is that these are some of the factors that a reasonable person would take into account when determining whether a company is insolvent. The list of factors is not intended to be exhaustive. There may be other factors that would indicate to a reasonable person that a company may be insolvent.

Date of insolvency

Solvency review – balance sheet test

Carboncor: Net Asset Position



Net asset position

- The graph discloses that the Company has had a net asset deficiency since incorporation.
- At all times, the Company’s current liabilities exceeded its current assets, which clearly indicates the Company’s inability to meet its trading obligations when due.
- Our preliminary view is that the Company was likely insolvent from 2 April 2020 or possibly earlier, when it failed to obtain further funding from its investors.

Liquidity ratios (current and quick ratio)

- We have reviewed the Company’s liquidity position and determined the Company had insufficient liquidity to meet its liabilities in the short term.

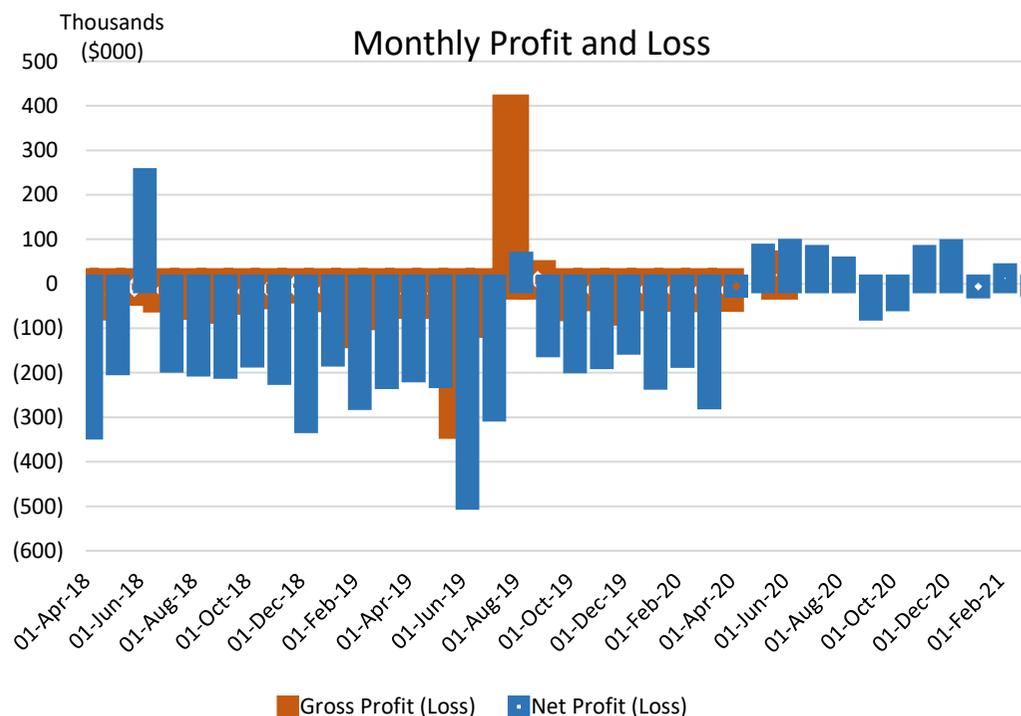
Ratio Summary

	Draft Management YTD21	Unaudited FY20	Unaudited FY19	Unaudited FY18
Current ratio	-0.14	-0.14	-0.26	-2.51
Quick ratio	-0.02	-0.02	-0.03	0.00

Date of insolvency

Solvency review – cash flow test

The graph below discloses that the Company has incurred losses since inception.

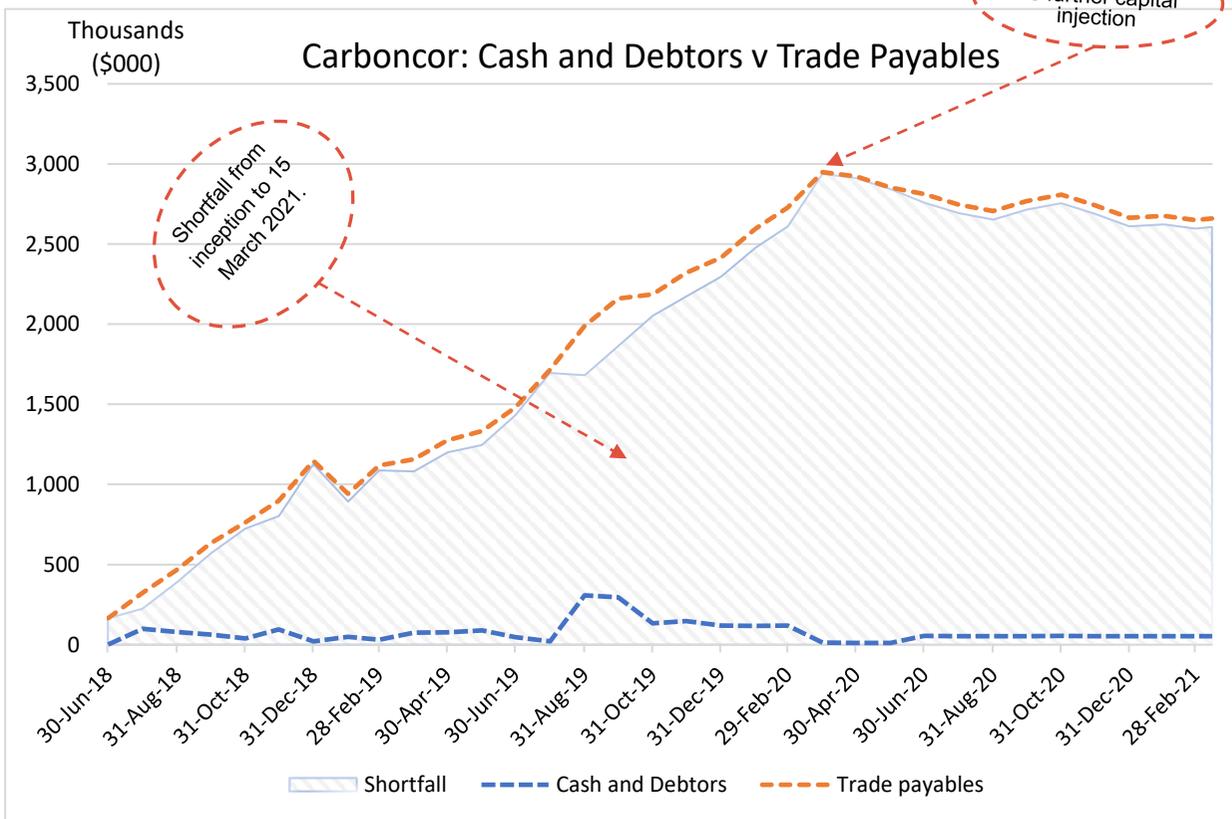


- The cash flow test involves assessing the Company’s ability to meet its obligations as and when they fall due. There are many elements to consider, and we have considered the following:
 - trade creditor ledgers and information (including ageing profile) – i.e. to assess whether the Company had been meeting its payments on time
 - statutory liability position - i.e. whether the Company had been meeting its statutory liabilities
 - liquidity ratios and levels or working capital to assess – i.e. whether the Company had sufficient liquidity to meet its liabilities in the short term
 - EBITDA and profit and loss position – i.e. to assess the Company’s ability to generate sufficient cash to meet its obligations. We note that the Company was not generating sufficient sales to meet its expenses.
 - sources of funding and support by financiers or related entities – i.e. to assess whether the Company had any alternative sources of funding. We note that further funding was not provided by the parent company or third party investors.
 - the existence of other indicia of insolvency.

Date of insolvency

Solvency review – cash flow test

The graph below depicts the cash flow position and shortfall of funds to pay its trade payables, as and when they fell due.



Shortfall of cash and debtors v trade payable

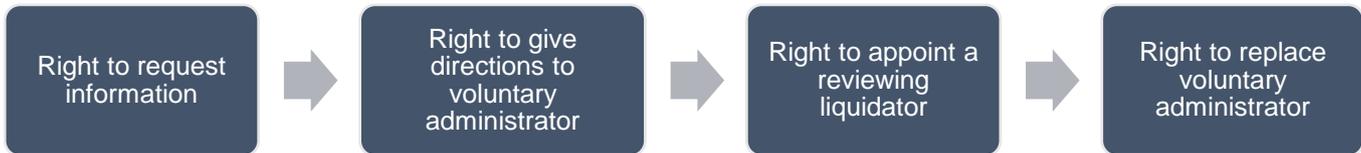
- Although, there was capital funding provided by related parties, the Company was generating marginal sales which made it difficult to sustain the ongoing operations of the business.
- The graph shows that the Company had a funding shortfall from inception. The main reason that attributed to this is the high costs associated with its capital investment with CCNTNQ.
- Collectively, the Company’s cash and debtors amounts were insufficient to cover the trade payables.
- The Company ceased trading when the shortfall of funds reached its peak and it was unable to obtain further funding from its investors.



Appendix 4 – Creditor information sheet

Creditor Rights in Voluntary Administrations

As a creditor, you have rights to request meetings and information or take certain actions:



Right to request information

Information is communicated to creditors in a voluntary administration through reports and meetings.

In a voluntary administration, two meetings of creditors are automatically held. You should expect to receive reports and notice of these meetings:

- The first meeting is held within 8 business days of the voluntary administrator's appointment. A notice of meeting and other information for this meeting will be issued to all known creditors.
- The second, or decision, meeting is usually held within 6 weeks of the appointment, unless an extension is granted. At this meeting, creditors will get to make a decision about the company's future. Prior to this meeting the voluntary administrator will provide creditors with a notice of the meeting and a detailed report to assist in making your decision.

Important information will be communicated to creditors prior to and during these meetings. Creditors are unable to request additional meetings in a voluntary administration.

Creditors have the right to request information at any time. A voluntary administrator must provide a creditor with the requested information if their request is 'reasonable', the information is relevant to the voluntary administration, and the provision of the information would not cause the voluntary administrator to breach their duties.

A voluntary administrator must provide this information to a creditor within 5 business days of receiving the request, unless a longer period is agreed. If, due to the nature of the information requested, the voluntary administrator requires more time to comply with the request, they can extend the period by notifying the creditor in writing.

Requests must be reasonable.

They are not reasonable if:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) the information requested would be privileged from production in legal proceedings
- (c) disclosure would found an action for breach of confidence
- (d) there is not sufficient available property to comply with the request
- (e) the information has already been provided
- (f) the information is required to be provided under law within 20 business days of the request
- (g) the request is vexatious

If a request is not reasonable due to (d), (e) or (f) above, the voluntary administrator must comply if the creditor meets the cost of complying with the request.

Otherwise, a voluntary administrator must inform a creditor if their information request is not reasonable and the reason why.

Right to give directions to voluntary administrator

Creditors, by resolution, may give a voluntary administrator directions in relation to a voluntary administration. A voluntary administrator must have regard to these directions, but they are not required to comply with the directions.

If a voluntary administrator chooses not to comply with a direction given by a resolution of the creditors, they must document their reasons for not complying.

An individual creditor cannot provide a direction to a voluntary administrator.

Right to appoint a reviewing liquidator

Creditors, by resolution, may appoint a reviewing liquidator to review a voluntary administrator's remuneration or a cost or expense incurred in a voluntary administration. The review is limited to:

- remuneration approved within the six months prior to the appointment of the reviewing liquidator, and
- expenses incurred in the 12 months prior to the appointment of the reviewing liquidator.

The cost of the reviewing liquidator is paid from the assets of the voluntary administration, in priority to creditor claims.

An individual creditor can appoint a reviewing liquidator with the voluntary administrator's consent, however the cost of this reviewing liquidator must be met personally by the creditor making the appointment.

Right to replace voluntary administrator

At the first meeting, creditors have the right to remove a voluntary administrator and appoint another registered liquidator to act as voluntary administrator.

A creditor must ensure that they have a consent from another registered liquidator prior to the first meeting if they wish to seek the removal and replacement of a voluntary administrator.

Creditors also have the opportunity to replace a voluntary administrator at the second meeting of creditors:

- If creditors vote to accept a proposed deed of company arrangement, they can appoint a different registered liquidator as the deed administrator.
- If creditors vote to place the company into liquidation, they can appoint a different registered liquidator as the liquidator.

It is however usual for the voluntary administrator to act as deed administrator or liquidator. It would be expected that additional costs would be incurred by an alternate deed administrator or liquidator to gain the level of knowledge of the voluntary administrator.

Like with the first meeting, a creditor must ensure that they have a consent from another registered liquidator prior to the second meeting if they wish to seek to appoint an alternative registered liquidator as deed administrator or liquidator.

**For more information, go to www.arita.com.au/creditors.
Specific queries about the voluntary administration should be directed to the voluntary administrator's office.**



Appendix 5 – DIRRI

DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

CARBONCOR AUSTRALIA PTY LTD (ADMINISTRATORS APPOINTED)

ACN 625 525 895

(“THE COMPANY”)

The purpose of this document is to assist creditors with understanding any relevant relationships that we have with parties who are closely connected to the Company and any indemnities or upfront payments that have been provided to us. None of the relationships disclosed in this document are such that our independence is affected.

This information is provided so you have trust and confidence in our independence and, if not, you can ask for further explanation or information and can act to remove and replace us if you wish.

This declaration is made in respect of ourselves, our fellow Senior Managing Directors/Managing Directors, FTI Consulting (Australia) Pty Ltd (FTI Consulting or Firm) and associated entities.

We are Professional Members of the Australian Restructuring Insolvency and Turnaround Association (ARITA). We acknowledge that we are bound by the ARITA Code of Professional Practice.

Independence

We have assessed our independence and we are not aware of any reasons that would prevent us from accepting this appointment.

There are no other known relevant relationships, including personal, business and professional relationships that should be disclosed beyond those we have disclosed in this document.

Circumstances of appointment

How we were referred this appointment

This appointment was referred to FTI Consulting by Dan Butler of Jackson McDonald, who are the lawyers for the Company.

We believe that this referral does not result in us having a conflict of interest or duty because:

- Jackson McDonald refers insolvency-related engagements to FTI Consulting from time to time. Neither the Administrators nor FTI Consulting have any formal or informal referral arrangements with Jackson McDonald, and to our knowledge they do not exclusively refer such work to us or FTI Consulting.

- FTI Consulting is not reliant upon referrals from Jackson McDonald, who are one of a considerable number of firms, organisations and persons who refer work to, or seek advice from, FTI Consulting. This engagement is not financially significant to FTI Consulting and the receiving or otherwise of other referrals from Jackson McDonald is not material to FTI Consulting.
- Work referrals arising from networks of business professionals, advisors and other persons are normal and accepted arrangements, and do not inherently impact on us discharging our statutory duties and obligations with independence and impartiality.
- There is no expectation, agreement or understanding between the Administrators and the referrer about the conduct of this administration and we are free to act independently and in accordance with the law and the requirements of the ARITA Code of Professional Practice.
- While FTI Consulting has in the past engaged Jackson McDonald to provide legal advice, this has been for separate, non-related insolvency/restructuring engagements. Jackson McDonald is one of many external firms who provide such advice and assistance to FTI Consulting from time to time, which is on a non-exclusive basis and based upon professional service and expertise.

We had the following meetings, telephone calls and email exchanges with the Company, its director and solicitor:

- On 3 March 2021, Nathan Stubing was approached by Dan Butler of Jackson McDonald, with the intention of arranging a meeting with the Company's Director, Andre Van Zyl to discuss the Company's financial position and a potential insolvency appointment.
- On 4 March 2021, Mr Stubing had a telephone meeting with Mr Van Zyl. The purpose of this meeting was to:
 - obtain sufficient information about the Company to enable discussion around the financial position of the Company
 - explain the various forms of insolvency appointments, the options available, and the consequences of an insolvency appointment
 - outline the process following an insolvency appointment
- Between 4 March 2021 and 14 March 2021, Mr Stubing had phone and email exchanges with Mr Van Zyl regarding the process of placing the Company into voluntary administration and in order to provide order to consent act.
- On 15 March 2021, Mr Van Zyl executed appointment documents, placing the Company into voluntary administration.

We received no remuneration for this advice.

In our opinion, these meetings do not affect our independence for the following reasons:

- The Courts and relevant professional bodies recognise the need for practitioners to provide advice on the insolvency process and the options available and do not consider that such advice results in a conflict or is an impediment to accepting the appointment.
- The nature of the advice provided to the Company is such that it would not be subject to review and challenge during the course of our appointment.
- No advice has been given to the director in their capacity as director of the Company, or in relation to their personal circumstances.

- The pre-appointment advice will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the appointment as Administrators of the Company in an objective and impartial manner.

We have provided no other information or advice to the Company, director, and its advisors prior to our appointment beyond that outlined in this DIRRI.

Declaration of Relationships

Within the previous 2 years we or our firm have had a relationship with:

The Company	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
The directors	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Any associates of the Company?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
A former insolvency practitioner appointed to the Company?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
A secured creditor entitled to enforce a security over the whole or substantially the whole of the Company's property?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Do we have any other relationships that we consider are relevant to creditors assessing our independence?

Yes No

Indemnities and up-front payments

We have been provided with the following up-front payment:

Name	Relationship with the Company	Nature of indemnity or payment
Andre Van Zyl	Director	We have been provided with an up-front payment of \$15,000 to cover our remuneration and expenses associated with our appointment to the Company and a further \$10,000 is expected to be received no later than 31 March 2021. The funds were paid into our Firm's trust account and will be transferred to the administration account. The funds will not be

drawn to pay our remuneration until its has been approved by creditors of the Company or otherwise in accordance with the law.

There are no conditions on the conduct or outcome of this administration attached to the indemnity or the up-front payment.

This does not include any indemnities I may be entitled to under the law. We have not received any other indemnities or upfront payments.

Dated 16 March 2021



Nathan Thomas Kirkham Stubing



Daniel Hillston Woodhouse

Notes:

- 1. The assessment of independence has been made based on an evaluation of the significance of any threats to independence and in accordance with the requirements of the relevant legislation and professional Standards.*
- 2. If circumstances change, or new information is identified, we are required under the Corporations Act 2001 or Bankruptcy Act and ARITA's 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. For creditors' voluntary liquidations and voluntary administrations, this document and any updated versions of this document are required to be lodged with ASIC.*



Appendix 6 – Remuneration approval report

20 April 2021



Remuneration Approval Report

Carboncor Australia Pty Ltd
(Administrators Appointed)
ACN 625 525 895

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Summary

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 for undertaking the administration of Carboncor Australia Pty Ltd (Administrators Appointed) ACN 625 525 895 (the Company).

We are asking creditors to approve the following remuneration and disbursements:

Appointment type/Period	Remuneration (excl GST)
Voluntary Administration:	
15 March 2021 to 11 April 2021	22,672.50
12 April 2021 to the end of the voluntary administration	20,000.00
If DOCA:	
Commencement to the end of the DOCA	25,000.00
If Liquidation:	
Commencement to the end of the liquidation	25,000.00

We estimate that the total cost of this voluntary administration will be between \$25,000 to \$50,000. This is consistent with the previous estimates that we provided to you in the initial remuneration notice dated 17 March 2021.

In preparing this report, our prospective remuneration approval is our best estimate of what we believe the Administration will cost to complete and we do not anticipate that we will have to ask creditors to approve any further remuneration. However, should the Administration not proceed as expected, we will advise creditors and we may seek approval of further remuneration.

Declaration

We, Nathan Stubing and Daniel Woodhouse, of FTI Consulting, have undertaken a proper assessment of the claims for remuneration for the appointment as Administrators of the Company in accordance with the law and applicable professional standards. We are 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 that have been incurred in the conduct of the external administration are necessary and proper.

Remuneration sought

The remuneration we are asking creditors to approved is summarised as follows:

We will only seek approval of resolutions for the Deed of Company Arrangement (DOCA) if creditors agree to the proposal offered (if applicable). Similarly, we will only seek approval of the resolution for the liquidation if creditors vote to place the Company into liquidation.

For	Period	Amount \$ (excl GST)	Applicable rates	Timing of payment
Work already completed	15 March 2021 to 11 April 2021	\$22,672.50	As per the attached hourly rates	Immediately
Future work to the second meeting of creditors	12 April 2021 to the end of the voluntary administration	\$20,000.00	As per the attached hourly rates	When funds are available
Voluntary Administration Total		\$42,672.50		
Future work from the second meeting of creditors to the end of the DOCA	30 April 2021 to the end of the DOCA	\$25,000	As per the attached hourly rates	When funds are available
DOCA Total		\$25,000		
Future work to the end of the liquidation	30 April 2021 to the end of the liquidation	\$25,000	As per the attached hourly rates	When funds are available
Liquidation Total		\$25,000		

Details of the work already done and future work that we intend to do are enclosed at **Schedule A**.

Schedule B includes a breakdown of time spent by staff members on each major task for work we have already done.

Actual resolutions to be put to the meeting are included at **Schedule C** for your information. These resolutions also appear in the proxy form for the meeting provided to you.

Disbursements

We are not required to seek creditor approval for costs paid to third parties or where we are recovering a cost incurred on behalf of the administration, but we must provide details to creditors. Details of these amounts are included in the attached Receipts and Payments.

We are required to obtain creditors' consent for the payment of a disbursement where we, or a related entity, may directly or indirectly obtain a profit.

For more information about disbursements, please refer to the Initial Remuneration Notice sent to you on 17 March 2021.

We are not currently seeking approval for disbursements.

Likely impact on dividends

The Act sets the order for payment of claims against the Company and it provides for remuneration of the Administrators to be paid in priority to other claims. This ensures that when there are sufficient funds, the Administrators receives payment for the work done to recover assets, investigate the company's affairs, report to creditors and ASIC and distribute any available funds.

Based on:

- realisations to date
- estimated future realisations
- estimated remuneration to complete the administration
- the estimated total of creditor claims based on the Company's records and claims lodged

We are unable to provide a dividend estimate of any certainty at this stage of the administration. If we do declare a dividend, any creditor whose claim has not yet been admitted will be contacted and asked to submit a proof of debt.

Funding received for remuneration and disbursements

As described in our Initial Report to Creditors dated 17 March 2021, we received an indemnity from the Director of \$25,000, with up-front payment of \$15,000 to cover our remuneration and expenses associated with our appointment to the Company and a further \$10,000 was received shortly thereafter.

Summary of receipts and payments

A summary of the receipts and payments for the Voluntary Administration as at 20 April 2021 is **enclosed** at Schedule F to this report.

Queries

Further supporting documentation for our remuneration claim can be provided to creditors on request.

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 INFO 85).

If you have any queries in relation to the information in this report, please contact Lo Taderera of this office on (08) 9321 8533 or by email at lo.taderera@fticonsulting.com.



Nathan Stubing

Voluntary Administrator

Attachments:

Schedule A – Details of work

Schedule B – Time spent by staff on each major task (work already done)

Schedule C – Resolutions

Schedule D – Disbursements

Schedule E – Explanation where remuneration previously approved

Schedule F – Summary of receipts and payments

Schedule G – FTI Consulting schedule of rates effective 1 April 2020

Schedule A – Details of work

Task area/General description	Work already done	Future work to meeting date	DOCA work	Liquidation work
Period	15 March 2021 to 11 April 2021	12 April 2021 to the end of the voluntary administration	Commencement to the end of the DOCA	Commencement to the end of the liquidation
Amount \$ (excl GST)	\$22,672.50	\$20,000.00	\$25,000.00	\$25,000.00
Assets	5.40 hours \$2,404.50	\$7,000.00	\$0	\$5,000.00
Recovery of R&D Tax Claim for FY19 and FY20	<ul style="list-style-type: none"> ■ Meetings and correspondence with EY and the director in relation to the recoverability of the R&D Tax claim and information required. ■ Providing information as requested by EY 	<ul style="list-style-type: none"> ■ Liaising with EY regarding the progress of R&D Tax Claim ■ Providing information as requested by EY 		<ul style="list-style-type: none"> ■ Liaising with EY regarding the progress of R&D Tax Claim ■ Providing information as requested by EY ■ Finalise and realise the R&D claim and company's tax return
Sale of (other assets) tyre crumb	<ul style="list-style-type: none"> ■ Liaising with supplier in relation to the sale of the tyre crumb and reviewing the Company's books and records ■ Liaising with valuers in relation to the value of the tyre crumb held by third parties ■ Liaising with interested parties in relation to the sale of the tyre crumb 	<ul style="list-style-type: none"> ■ Liaising with interested parties in relation to the sale of the tyre crumb ■ Issuing invoice to potential buyer and finalise sale ■ Disclaim tyre crumb (if no sale) 		
Creditors	30.0 hours \$11,517.50	\$8,000.00	\$10,000.00	\$5,000.00
Creditor Enquiries, Requests & Directions	<ul style="list-style-type: none"> ■ Receive and respond to creditor enquiries 	<ul style="list-style-type: none"> ■ Receive and respond to creditor enquiries ■ Considering reasonableness of creditor requests 	<ul style="list-style-type: none"> ■ Receive and respond to creditor enquiries ■ Considering reasonableness of creditor requests 	<ul style="list-style-type: none"> ■ Receive and respond to creditor enquiries ■ Considering reasonableness of creditor requests

Task area/General description	Work already done	Future work to meeting date	DOCA work	Liquidation work
	<ul style="list-style-type: none"> Review and prepare initial correspondence to creditors and their representatives 	<ul style="list-style-type: none"> Documenting reasons for complying or not complying with requests or directions Compiling information requested by creditors 	<ul style="list-style-type: none"> Documenting reasons for complying or not complying with requests or directions Compiling information requested by creditors 	<ul style="list-style-type: none"> Documenting reasons for complying or not complying with requests or directions Compiling information requested by creditors
Secured creditor reporting	<ul style="list-style-type: none"> Notifying PPSR registered creditors of appointment Responding to secured creditor’s queries 		<ul style="list-style-type: none"> Preparing reports to secured creditor Responding to secured creditor’s queries 	<ul style="list-style-type: none"> Preparing reports to secured creditor Responding to secured creditor’s queries
Creditor reports	<ul style="list-style-type: none"> Preparing Initial Report to Creditors Preparing Voluntary Administrator’s report and investigation 	<ul style="list-style-type: none"> Preparing Voluntary Administrator’s report and investigation 	<ul style="list-style-type: none"> Preparing general reports to creditors Preparing report to creditors regarding the effectuation of the DOCA 	<ul style="list-style-type: none"> Preparing Statutory Report by Liquidator, investigation, meeting and general reports to creditors
Dealing with proofs of debt	<ul style="list-style-type: none"> Receipting and filing POD when not related to a dividend 	<ul style="list-style-type: none"> Receipting and filing POD when not related to a dividend 	<ul style="list-style-type: none"> Receipting and filing POD when not related to a dividend 	<ul style="list-style-type: none"> Receipting and filing POD when not related to a dividend
Meeting of Creditors	<ul style="list-style-type: none"> Preparation of meeting notices, proxies, and advertisements for First Meeting of Creditors Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Convene and hold First Meeting of Creditors 	<ul style="list-style-type: none"> Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Convene and hold Second Meeting of Creditors 	<p>If a meeting is required in DOCA:</p> <ul style="list-style-type: none"> Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Preparation and lodgement of minutes of meetings with ASIC 	<p>If a meeting is required in Liquidation:</p> <ul style="list-style-type: none"> Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Preparation and lodgement of minutes of meetings with ASIC

Task area/General description	Work already done	Future work to meeting date	DOCA work	Liquidation work
	<ul style="list-style-type: none"> ■ Preparation and lodgement of minutes of meetings with ASIC 		Responding to stakeholder queries and questions immediately following meeting	<ul style="list-style-type: none"> ■ Responding to stakeholder queries and questions immediately following meeting
Proposals to Creditors			If a proposal without a meeting is required in DOCA: <ul style="list-style-type: none"> ■ Preparing proposal notices and voting forms ■ Forward notice of proposal to all known creditors ■ Reviewing votes and determining outcome of proposal ■ Preparation and lodgement of proposal outcome with ASIC 	If a proposal without a meeting is required in Liquidation: <ul style="list-style-type: none"> ■ Preparing proposal notices and voting forms ■ Forward notice of proposal to all known creditors ■ Reviewing votes and determining outcome of proposal ■ Preparation and lodgement of proposal outcome with ASIC
Investigations	<p style="text-align: right;">7.90 hours \$3,536.00</p>	\$3,000.00	\$0	\$7,500.00
Conducting investigation	<ul style="list-style-type: none"> ■ Collection of company books and records ■ Reviewing company’s books and records ■ Review and preparation of company nature and history ■ Conducting and summarising statutory searches ■ Preparation of comparative financial statements ■ Preparation of preliminary investigation file 	<ul style="list-style-type: none"> ■ Collection of company books and records ■ Reviewing company’s books and records ■ Preparation of preliminary investigation file 		<ul style="list-style-type: none"> ■ Reviewing company’s books and records ■ Preparation of investigation file ■ Review of specific transactions and liaising with directors regarding certain transactions ■ Lodgement of investigation with the ASIC ■ Preparation and lodgement of supplementary report if required
Litigation / Recoveries (if applicable)				<ul style="list-style-type: none"> ■ Internal meetings to discuss status of litigation

Task area/General description	Work already done	Future work to meeting date	DOCA work	Liquidation work
				<ul style="list-style-type: none"> ■ Preparing brief to solicitors ■ Liaising with solicitors regarding recovery actions ■ Attending to negotiations ■ Attending to settlement matters
ASIC reporting	<ul style="list-style-type: none"> ■ Preparing statutory investigation reports ■ Liaising with ASIC 			<ul style="list-style-type: none"> ■ Preparing statutory investigation reports ■ Liaising with ASIC
Dividend	-	-	\$8,000.00	\$4,000.00
Processing proofs of debt (POD)			<ul style="list-style-type: none"> ■ Preparation of correspondence to potential creditors inviting lodgement of POD ■ Receipt of POD ■ Maintain POD register ■ Adjudicating POD ■ Request further information from claimants regarding POD ■ Preparation of correspondence to claimant advising outcome of adjudication 	<ul style="list-style-type: none"> ■ Preparation of correspondence to potential creditors inviting lodgement of POD ■ Receipt of POD ■ Maintain POD register ■ Adjudicating POD ■ Request further information from claimants regarding POD ■ Preparation of correspondence to claimant advising outcome of adjudication
Dividend procedures (If required)			<ul style="list-style-type: none"> ■ Preparation of correspondence to creditors advising of intention to declare dividend ■ Advertisement of intention to declare dividend 	<ul style="list-style-type: none"> ■ Preparation of dividend file ■ Preparation of correspondence to creditors advising of intention to declare dividend ■ Advertisement of intention to declare dividend

Task area/General description	Work already done	Future work to meeting date	DOCA work	Liquidation work
			<ul style="list-style-type: none"> ■ Obtain clearance from ATO to allow distribution of company's assets ■ Preparation of dividend calculation ■ Preparation of correspondence to creditors announcing declaration of dividend ■ Advertise announcement of dividend ■ Preparation of distribution ■ Preparation of dividend file ■ Preparation of payment vouchers to pay dividend ■ Preparation of correspondence to creditors enclosing payment of dividend 	<ul style="list-style-type: none"> ■ Obtain clearance from ATO to allow distribution of company's assets ■ Preparation of dividend calculation ■ Preparation of correspondence to creditors announcing declaration of dividend ■ Advertise announcement of dividend ■ Preparation of distribution ■ Preparation of payment vouchers to pay dividend ■ Preparation of correspondence to creditors enclosing payment of dividend
Administration	12.6 hours \$5,214.50	\$2,000.00	\$7,000.00	\$3,500.00
Correspondence	<ul style="list-style-type: none"> ■ General correspondence with various parties 	<ul style="list-style-type: none"> ■ General correspondence with various parties 	<ul style="list-style-type: none"> ■ General correspondence with various parties 	<ul style="list-style-type: none"> ■ General correspondence with various parties
Document maintenance/file review/checklist	<ul style="list-style-type: none"> ■ First month, then six-monthly administration reviews ■ Filing of documents ■ File reviews ■ Updating checklists 	<ul style="list-style-type: none"> ■ First month, then six-monthly administration reviews ■ Filing of documents ■ File reviews ■ Updating checklists 	<ul style="list-style-type: none"> ■ First month, then six-monthly administration reviews ■ Filing of documents ■ File reviews Updating checklists 	<ul style="list-style-type: none"> ■ First month, then six-monthly administration reviews ■ Filing of documents ■ File reviews Updating checklists
Insurance	<ul style="list-style-type: none"> ■ Correspondence with insurer regarding initial and ongoing insurance requirements 	<ul style="list-style-type: none"> ■ Correspondence with insurer regarding ongoing insurance requirements 		

Task area/General description	Work already done	Future work to meeting date	DOCA work	Liquidation work
	<ul style="list-style-type: none"> ■ Reviewing insurance policies ■ Correspondence with previous brokers 			
Funds handling	<ul style="list-style-type: none"> ■ Preparing correspondence regarding opening and closing accounts ■ Entering receipts and payments into accounting system ■ Requesting bank statements ■ Bank account reconciliations ■ Correspondence with bank regarding specific transfers 	<ul style="list-style-type: none"> ■ Entering receipts and payments into accounting system ■ Requesting bank statements ■ Bank account reconciliations 	<ul style="list-style-type: none"> ■ Entering receipts and payments into accounting system ■ Requesting bank statements ■ Bank account reconciliations 	<ul style="list-style-type: none"> ■ Entering receipts and payments into accounting system ■ Requesting bank statements ■ Bank account reconciliations
ASIC Forms and other lodgements	<ul style="list-style-type: none"> ■ Preparing and lodging ASIC forms ■ Notification of appointment ■ Preparing BAS 	<ul style="list-style-type: none"> ■ Preparing and lodging ASIC forms 	<ul style="list-style-type: none"> ■ Preparing and lodging ASIC forms ■ Preparing BAS 	<ul style="list-style-type: none"> ■ Preparing and lodging ASIC forms ■ Preparing BAS
Finalisation	<ul style="list-style-type: none"> ■ Notifying ATO of finalisation ■ Cancelling ABN / GST / PAYG registration ■ Completing checklists ■ Finalising WIP 	<ul style="list-style-type: none"> ■ Notifying ATO of finalisation ■ Cancelling ABN / GST / PAYG registration ■ Completing checklists ■ Finalising WIP 	<ul style="list-style-type: none"> ■ Notifying ATO of finalisation ■ Cancelling ABN / GST / PAYG registration ■ Completing checklists ■ Finalising WIP 	<ul style="list-style-type: none"> ■ Notifying ATO of finalisation ■ Cancelling ABN / GST / PAYG registration ■ Completing checklists ■ Finalising WIP
Planning / Review	<ul style="list-style-type: none"> ■ Discussions and meetings regarding status of administration 	<ul style="list-style-type: none"> ■ Discussions and meetings regarding status of administration 	<ul style="list-style-type: none"> ■ Discussions and meetings regarding status of DOCA 	<ul style="list-style-type: none"> ■ Discussions and meetings regarding status of liquidation
Books and records / storage			<ul style="list-style-type: none"> ■ Dealing with records in storage ■ Sending job files to storage 	<ul style="list-style-type: none"> ■ Dealing with records in storage ■ Sending job files to storage

Schedule B – Time spent by staff on each major task (work already done)

Employee	Position	\$/hour (excl GST)	Total actual hours	Total \$ (excl GST)	Assets		Creditors		Investigation		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
					Daniel Woodhouse	Senior Managing Director	720	1.10	792.00	-	-	0.80
Nathan Stubing	Managing Director	660	3.40	2,244.00	-	-	0.50	330.00	1.90	1,254.00	1.00	660.00
Jacqueline Sinclair	Senior Director	580	9.80	5,684.00	2.40	1,392.00	3.10	1,798.00	1.10	638.00	3.20	1,856.00
Loice Taderera	Consultant I	360	11.50	4,140.00	0.30	-	9.50	3,420.00	1.50	-	0.20	-
Loice Taderera	Associate II	335	26.70	8,944.50	2.70	-	16.10	5,393.50	2.40	-	5.50	-
Starli Smith	Associate I	300	1.50	450.00	-	-	-	-	1.00	300.00	0.50	300.00
Claire Rees	Executive Assistant II	220	1.90	418.00	-	-	-	-	-	-	1.90	-
Total (ex GST)				\$22,672.50		\$ 1,392.00		\$ 11,517.50		\$ 2,192.00		\$ -
GST				\$ 2,267.25								
Total (Incl GST)				\$24,939.75								
Total hours			55.90		0.00		0.00		0.00		0.00	
Avg hourly rate (ex GST)				\$405.59		\$405.59		\$383.92		\$447.59		\$413.85

Schedule C – Resolutions

Resolution 1 – Administrators Remuneration

15 March 2021 to 11 April 2021 (retrospective)

“That the remuneration of the Administrators of Carboncor Australia Pty Ltd ACN 625 525 895 (Administrators Appointed) for the period 15 March 2021 to 11 April 2021 (inclusive) be calculated on a time basis at the hourly rates set out in the Schedules of FTI Consulting Standard Rates effective 1 April 2020 and is determined and approved for payment in the amount of \$22,672.50 plus GST and the Administrators can draw the remuneration.”

Resolution 2- Administrators Remuneration

12 April 2021 to the end of the voluntary administration

“That the remuneration of the Administrators of Carboncor Australia Pty Ltd ACN 625 525 895 (Administrators Appointed) for the period 12 April 2021 to the end of the voluntary administration (inclusive) is determined and approved for payment at a sum equal to the cost of time incurred by the Voluntary Administrators and staff of FTI Consulting, calculated at the hourly rates set out in the Schedule of FTI Consulting Standard Rates effective 1 April 2020 up to a capped amount of \$20,000 plus GST, and the Administrators can draw the remuneration.”

If Creditors resolve to enter into a Deed of Company Arrangement

Resolution 3 – Deed Administrators’ remuneration

Commencement to finalisation of the DOCA

“The future remuneration of the Deed Administrators of Carboncor Australia Pty Ltd ACN 625 525 895 (Administrators Appointed) for the period from commencement of the DOCA to the end of DOCA (inclusive) is determined and approved for payment at a sum equal to the cost of time incurred by the Liquidators and staff of FTI Consulting, calculated at the hourly rates set out in the schedule of FTI Consulting Standard Rates effective 1 April 2020, up to an initial capped amount of \$25,000 plus GST, and the Liquidators can draw the remuneration as required.”

If Creditors resolve to wind up the Company

Resolution 4 – Liquidators’ remuneration

Commencement to the end of the liquidation

“That the future remuneration of the Liquidators of Carboncor Australia Pty Ltd ACN 625 525 895 (Administrators Appointed) for the period from commencement of the liquidation to the end of the liquidation (inclusive) is determined and approved for payment at a sum equal to the cost of time incurred by the Liquidators and staff of FTI Consulting, calculated at the hourly rates set out in the schedule of FTI Consulting Standard Rates effective 1 April 2020, up to an initial capped amount of \$25,000 plus GST, and the Liquidators can draw the remuneration as required.”

Schedule F – Summary of receipts and payments

Receipts	Amount \$
Indemnity funds from the Director	25,018.53
Total Receipts	25,018.53
Payments	
Total Payments	Nil
Net Receipts	25,018.53

Schedule G – FTI Consulting schedule of rates effective 1 April 2020

Classification	Standard rates \$/hour*	General guide to classifications
Senior Managing Director/Appointee	720	Registered 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	660	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 Liquidator and/or Trustee. Alternatively, has extensive leadership/senior management experience in business or industry.
Senior Director	580	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 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	520	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	470	Typically an Australian Restructuring Insolvency & Turnaround Association 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	430	Assists with the planning and control of small to medium-sized administrations. May have the conduct of simpler administrations. Can supervise staff. Has experience performing more difficult tasks on larger administrations.
Consultant 2	390	Typically Institute of Chartered Accountants in Australia qualified chartered accountant (or similar). Required to control the tasks on small administrations and is responsible for assisting with tasks on medium to large-sized administrations.
Consultant 1	360	Qualified accountant with several years' experience. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 2	335	Typically a qualified accountant. Required to assist with day-to-day tasks under the supervision of senior staff.

Classification	Standard rates \$/hour*	General guide to classifications
Associate 1	300	Typically a university graduate. Required to assist with day-to-day tasks under the supervision of senior staff.
Junior Associate	220	Undergraduate in the latter stage of their university degree.
Administration 2	220	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, accounting support services or similar skills.
Junior Accountant	170	Undergraduate in the early stage of their university degree.
Administration 1	185	Has appropriate skills and experience to support professional staff in an administrative capacity. May also have appropriate bookkeeping, accounting support services or similar skills.

* All rates listed above are exclusive of GST

The FTI Consulting Standard Rates above apply to the Corporate Finance & Restructuring practice and are subject to periodical review.



Appendix 7 – Details and notices for the second meeting of creditors

DETAILS AND NOTICES FOR THE SECOND MEETING OF CREDITORS

▪ **Notice of the Second Meeting of Creditors of Company under Administration**

The agenda for the meeting is set out in the attached notice.

Please dial in at the meeting at least 5 minutes before the scheduled commencement time in order to be admitted to the meeting.

▪ **Meeting Details**

If you wish to attend the meeting, please register your interest by contacting Lo Taderera no later than **4:00 pm (AWST) on Wednesday, 28 April 2021** to ensure you will receive information to access the meeting.

▪ **Appointment of Proxy Form**

This form should be completed if you intend to appoint another person to act on your behalf at the meeting, or if you are a corporate creditor.

▪ **Formal Proof of Debt or Claim Form**

This form allows you to tell us what you are owed by the Company. You must send us a completed form if you wish to vote at the meeting.

General information regarding the conduct of meetings of creditors and the completion of proxy forms and proof of debt forms is enclosed and can also be found on our website at <http://www.fticonsulting-asia.com>.

Statutory notices and advertisements about the Company will be published on ASIC's Published Notices website at www.insolvencynotices.asic.gov.au.

CREDITOR ENQUIRIES – SECOND MEETING OF CREDITORS AND GENERAL MATTERS

For queries about the forthcoming meeting or the administration generally, please contact Lo Taderera by one of the following methods:

Telephone: (08) 9321 8533

Email: lo.taderera@fticonsulting.com

Post: PO Box Z5486,
St Georges Terrace
PERTH WA 6831

Facsimile: (08) 9321 8544

CARBONCOR AUSTRALIA PTY LTD ACN 625 525 895 (ADMINISTRATORS APPOINTED) (“THE COMPANY”)

NOTICE OF SECOND MEETING OF CREDITORS

NOTICE IS HEREBY GIVEN that the second meeting of creditors of the Company will be **virtually** held on **Thursday, 29 April 2021** via teleconference facilities commencing at **10:00am (AWST)**.

AGENDA

1. The purpose of the meeting is:
 - a) to review the report of the Administrators and their recommendation in connection with the business, property, affairs and financial circumstances of the Company; and
 - b) for the creditors of the Company to resolve:
 - (a) that the Company execute a deed of company arrangement; or
 - (b) that the administration should end; or
 - (c) that the Company be wound up; or
 - (d) that the second meeting be adjourned for a period not exceeding 45 business days.
2. Creditors will be requested to fix the remuneration to be paid to the Administrators, as calculated on a time basis for the period 15 March 2021 to 11 April 2021 (inclusive).
3. Creditors will be requested to fix the remuneration to be paid to the Administrators, as calculated on a time basis for the period 12 April 2021 to the end of voluntary administration (inclusive).
4. If the Company enters into a Deed of Company Arrangement, the Deed Administrators will seek to have creditors resolve to fix the future remuneration of the Deed Administrators (as applicable).
5. If the Company is wound up, to consider the appointment of a Committee of Inspection and if required, to determine the members (as applicable).
6. If the Company is wound up, the Liquidators will seek to have creditors resolve to fix the future remuneration of the Liquidators (as applicable).
7. That pursuant to Section 70-35 of the Insolvency Practice Schedule, the Liquidators be authorised to destroy the books and records of the Company, three months after the deregistration of the Company (as applicable).
8. Any other business properly brought before the meeting.

Creditors wishing to vote at the meeting:

- who will not be attending in person or are a company, must complete and return an Appointment of Proxy Form (attached); and

- must complete and return a Formal Proof of Debt or Claim Form (attached) if not already done so, by no later than **4:00pm (AWST)** on the last business day prior to the meeting **Wednesday, 28 April 2021**, by post to FTI Consulting, Level 47, 152 – 158 St Georges Terrace, PERTH WA 6000 or by facsimile on (08) 9321 8544.

Dated this 20th day of April 2021

A handwritten signature in black ink, appearing to read 'Nathan Stubing', with a long, sweeping horizontal stroke above the main text.

Nathan Stubing

Joint and Several Administrator

APPOINTMENT OF PROXY
CARBONCOR AUSTRALIA PTY LTD ACN 625 525 895
(ADMINISTRATORS APPOINTED)
("THE COMPANY")

I/We (name)

.....

of (address)

.....

a creditor of the Company, appoint (add name and address of proxy)

.....

or in his/her absence (add alternate proxy)

as my / our proxy, to vote at the second meeting of creditors to be held at **10:00am (AWST) on 29 April 2021**, via teleconference facilities or at any adjournment of that meeting.

Option 1: If appointed as a general proxy, as he/she determines on my/our behalf.

AND/OR Option 2:

If appointed as a special proxy for some or all resolutions, specifically in the manner set out below (**please tick**).

	Resolution (please specify the particular resolution)	For	Against	Abstain
1	Resolution in relation to the future remuneration of the Company – Please note you may only vote in relation to either 1(a) or (b) or (c) or (d).			
	(a) The Company be wound up; OR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	(b) The Company should enter a Deed of Company Arrangement; OR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	(c) The Administration should end and control of the Company be reverted to the Director; OR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	(d) The second meeting be adjourned for a period not exceeding 45 business days.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	<i>“That the remuneration of the Administrators of Carboncor Australia Pty Ltd ACN 625 525 895 (Administrators Appointed) for the period 15 March 2021 to 11 April 2021 (inclusive) be calculated on a time basis at the hourly rates set out in the Schedules of FTI Consulting Standard Rates effective 1 April 2020 and is determined and approved for payment in the amount of \$22,672.50 plus GST and the Administrators can draw the remuneration.”</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	<i>“That the remuneration of the Administrators of Carboncor Australia Pty Ltd ACN 625 525 895 (Administrators Appointed) for the period 12 April 2021 to the end of the voluntary administration (inclusive) is determined and approved for payment at a sum equal to the cost of time incurred by the Voluntary Administrators and staff of FTI Consulting, calculated at the hourly rates set out in the Schedule of FTI Consulting Standard Rates effective 1 April 2020 up to a capped amount of \$20,000 plus GST, and the Administrators can draw the remuneration.”</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If Creditors resolve to enter into a Deed of Company Arrangement				
4	<i>“The future remuneration of the Deed Administrators of Carboncor Australia Pty Ltd ACN 625 525 895 (Administrators Appointed) for the period from commencement of the DOCA to the end of DOCA (inclusive) is determined and approved for payment at a sum equal to the cost of time incurred by the</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	<i>Liquidators and staff of FTI Consulting, calculated at the hourly rates set out in the schedule of FTI Consulting Standard Rates effective 1 April 2020, up to an initial capped amount of \$25,000 plus GST, and the Liquidators can draw the remuneration as required."</i>			
If Creditors resolve to wind up the Company				
5	<i>"Whether a committee of Inspection be appointed."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	<i>"That the future remuneration of the Liquidators of Carboncor Australia Pty Ltd ACN 625 525 895 (Administrators Appointed) for the period from commencement of the liquidation to the end of the liquidation (inclusive) is determined and approved for payment at a sum equal to the cost of time incurred by the Liquidators and staff of FTI Consulting, calculated at the hourly rates set out in the schedule of FTI Consulting Standard Rates effective 1 April 2020, up to an initial capped amount of \$25,000 plus GST, and the Liquidators can draw the remuneration as required."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	<i>That pursuant to Section 70-35 of the Insolvency Practice Schedule, the Liquidators be authorised to destroy the books and records of the Company, three months after the deregistration of the Company, subject to obtaining the approval of the Australian Security and Investments Commission.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Dated:

.....
Name and signature of authorised person

.....
Name and signature of authorised person

CERTIFICATE OF WITNESS – only complete if the person given the proxy is blind or incapable of writing.

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.

Dated: Signature of witness:

Description: Place of residence:

FORM 535 – FORMAL PROOF OF DEBT OR CLAIM

Subregulation 5.6.49(2)
Corporations Act 2001

CARBONCOR AUSTRALIA PTY LTD (ADMINISTRATORS APPOINTED) ACN 625 525

To the Administrators of Carboncor Australia Pty Ltd (Administrators Appointed) ACN 625 525 895 (the "Company")

1. This is to state that the Company was on 15 March 2021, and still is, justly and truly indebted to: _____

(full name, ABN and address of the creditor and, if applicable, the creditor's partners) for _____ dollars and _____ cents

Particulars of the debt are:

Date	Consideration (state how the debt arose)	Amount (\$/c)	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
------	--------	----------	---------------	----------

3. Signed by (select correct option):

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

Signature: _____ Dated: _____

Name: _____ Occupation*: _____

Address: _____

* If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor

RECEIVE REPORTS BY EMAIL	Yes	No
Do you wish to receive all future reports and correspondence from our office via email?	<input type="checkbox"/>	<input type="checkbox"/>
Email:.....		

If being used for the purpose of voting at a meeting:

- a) Is the debt you are claiming assigned to you? No Yes
- b) If yes, attach written evidence of the debt, the assignment and consideration given. Attached
- c) If yes, what value of consideration did you give for the assignment (eg, what amount did you pay for the debt?) \$ _____
- d) If yes, are you a related party creditor of the Company?
(f you are unsure contact the Administrators) No Yes

GUIDANCE NOTES FOR COMPLETING PROXY AND PROOF OF DEBT OR CLAIM

FORMS APPOINTMENT OF PROXY FORM

A person can appoint another person to attend the meeting on their behalf by completing the Form of proxy.

If the creditor is a company or a firm, a person needs to be appointed to represent the company.

This representative needs to be appointed by completing the Form of Proxy in accordance with section 127 of the Corporations Act 2001 (“the Act”). Alternatively, the appointed person must be authorised to act as a representative for the company per section 250D of the Act.

The Form of proxy is valid only for the meeting indicated (or any adjournment).

You may appoint either a general proxy (a person who may vote at their discretion on motions at the meeting) or a special proxy (who must vote according to your directions). If you appoint a special proxy, you should indicate on the form what directions you have given. In many instances, there will be a box or section on the proxy form where you can mark how you want your proxy to vote for you.

If you are unable to attend the meeting and you do not have a representative who can attend on your behalf, you may if you wish appoint the Chairperson of the Meeting as your proxy. The Chairperson can be appointed as a general proxy or a special proxy. This is entirely your choice.

FORMAL PROOF OF DEBT OR CLAIM FORM

The proof of debt submitted during an Administration is used for voting purposes at any meetings of creditors and also to help establish the overall level of creditor claims in the administration.

Admission of your proof for voting purposes does not mean that the Administrator has agreed with your proof for the purpose of making a dividend distribution.

You should include a description of how your debt/claim arose, whether you are claiming a security interest in property and if you have any guarantees and indemnities for the debt. If you need more space, you can attach any additional details you wish to include – just make sure that you mention this on the form so we know what you’ve attached and how many pages.

You should provide supporting documents that substantiate what you are owed by the Company. This may include things like account statements, unpaid invoices and their corresponding purchase orders, PPSR registration, agreements/terms of trade, contracts, lease or hire agreements, court order or judgment, guarantee or loan document, emails/other correspondence with the Company.

If you need help in completing the forms or if you are uncertain what information you should attach, please email or telephone the nominated FTI Consulting contact person.



Experts with Impact™