

Our ref: 487369_Initial Circular

24 February 2022

To the creditor addressed

Dear Sir/Madam

RE: ICRA Rolleston Pty Ltd (Receivers and Managers Appointed) (in Liquidation) ACN 106 260 600 ("the Company")

The purpose of this circular is to provide you with notice of the appointment of Joseph Hansell and Joanne Dunn as Special Purpose Liquidators to the Company on 21 February 2022.

Background to liquidation of the Company

As you will be aware, the Company's secured creditor, Glencore Coal Queensland Pty Limited, appointed William Harris, Keith Crawford, and Jason Preston of McGrathNicol as Receivers and Managers of the Company on 8 December 2020 ("the Receivers and Managers").

Shortly thereafter, Nick Combis of Vincents Chartered Accountants was appointed Voluntary Administrator of the Company on 10 December 2020 by the Company's director, John Canavan.

At the first meeting of the Company's creditors on 10 December 2020, Nick Combis was replaced as Voluntary Administrator by Marcus Ayres and Stephen Parbery of Kroll, the General Purpose Liquidators ("the GPLs").

Creditors of the Company resolved to place the Company into liquidation at the Second Meeting of Creditors held on 7 September 2021.

Appointment of Special Purpose Liquidators

A Special Purpose Liquidator is to be appointed to carry out specific actions or duties during a liquidation.

On 21 February 2022, the Federal Court of Australia made an Order [QUD305/2021], ("the Court Order") by consent of the parties, appointing Joseph Hansell and Joanne Dunn, as Special Purpose Liquidators ("the SPLs") of the Company. The Court Order is **attached at Appendix A**.

FTI Consulting (Australia) Pty Limited

ABN 49 160 397 811 | ACN 160 397 811 | AFSL Authorised Representative # 001269325

Level 20, CP1 | 345 Queen Street | Brisbane QLD 4000 | Australia

Postal Address | GPO Box 3127 | Brisbane QLD 4001 | Australia

+61 7 3225 4900 telephone | +61 7 3225 4999 fax | fticonsulting.com

In this instance the SPLs have been appointed to investigate the realisation of the Company's property by the Receivers and Managers and pursue any such claim against the Receivers and Managers and Rolleston Coal Holdings Pty Ltd ("the SPL Matters").

In respect of our appointment, we **attach at Appendix B** our Declaration of Independence, Relevant Relationships and Indemnities ("DIRRI"). The DIRRI assists you to understand any relevant relationships that we have, and any indemnities or upfront payments that have been provided to us. We have considered each relationship and it is our opinion that none of the relationships disclosed in the DIRRI result in a conflict of interest or duty or affect our independence.

Remuneration of the Special Purpose Liquidators

John Canavan has undertaken to provide FTI Consulting an up-front payment of \$50,000 in order to undertake this appointment pursuant to Federal Court Order QUD 305/2021 made on 21 February 2021.

Included at **Appendix C** is our Initial Remuneration Notice. This document provides you with information about how we propose to be remunerated for undertaking our role as SPLs of the Company.

Where can you get more information?

The Australian Restructuring Insolvency and Turnaround Association ("ARITA") provides information to assist creditors with understanding liquidations and insolvency.

This information is available from ARITA's website at arita.com.au/creditors.

ASIC also provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at asic.gov.au (search for "insolvency information sheets").

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

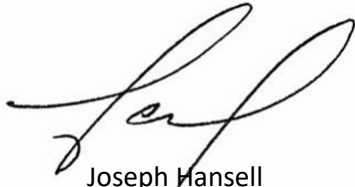
What happens moving forward

The GPLs from Kroll will remain responsible for all aspects of the liquidation, other than the SPL Matters. Creditors should continue to contact the GPLs with all queries concerning the liquidation of the Company.

We will commence our investigations per the SPL Matters and will report to creditors during the course of the liquidation.

Should you have any queries in relation to this correspondence, please contact Neil Dempster of this office on (07) 3225 4953 or by email at Neil.Dempster@fticonsulting.com.

Yours faithfully



Joseph Hansell

Liquidator



Joanne Dunn

Liquidator



Federal Court of Australia

District Registry: Queensland

Division: General

No: QUD305/2021

JOHN PHILLIP CANAVAN

Plaintiff

ICRA ROLLESTON PTY LTD (RECEIVERS AND MANAGERS APPOINTED) (IN LIQUIDATION) and another named in the schedule

Defendants

ORDER

JUDGE: JUSTICE DOWNES

DATE OF ORDER: 21 February 2022

WHERE MADE: Brisbane

THE COURT ORDERS BY CONSENT, AND UPON THE PLAINTIFF'S UNDERTAKING TO THE COURT FORTHWITH TO PROVIDE THE SPECIAL PURPOSE LIQUIDATORS WITH \$50,000 TO CARRY OUT INVESTIGATIONS, THAT:

1. Pursuant to s 90-15(1) of the *Insolvency Practice Schedule* at Schedule 2 to the *Corporations Act 2001* (Cth) (**IPS**), Joseph Hansell and Joanne Dunn be appointed as additional liquidators of the first defendant (the **Special Purpose Liquidators**) for the purposes specified in Order 2 below.
2. Pursuant to s 90-15(1) of the **IPS**, the following may be done by the Special Purpose Liquidators:
 - (a) Investigating any claim the first defendant may have or already has against:
 - (i) Rolleston Coal Holdings Pty Ltd (**RCH**); or
 - (ii) William James Harris, Keith Alexander Crawford and Jason Preston (the **Receivers**) as the receivers and managers of property of the first defendant,



in respect of the realizing of the first defendant's property (or any part thereof) by the Receivers (the **SPL Matters**).

- (b) Pursuing, in the name of the first defendant, any such claim or claims available to the first defendant in relation to the SPL Matters against the Receivers or RCH.
 - (c) Negotiating the provision of any necessary further funding to the Special Purpose Liquidators or the first defendant for the purposes of the Special Purpose Liquidators engaging in the steps outlined in Orders 2(a) or 2(b) above.
 - (d) Otherwise performing the role as liquidators of the first defendant in respect of the matters referred to in Orders 2(a) to 2(c) above or matters incidental thereto.
3. The Special Purpose Liquidators, as additional liquidators of the first defendant, are entitled to exercise, solely for the purposes specified in Order 2 above, all the powers conferred on a liquidator by s 477 and Pt 5.9 of the *Corporations Act*, other than the powers contained in ss 477(1)(a), 477(1)(b), 477(2)(ca), 477(2)(f), 477(2)(h), or the power to distribute property of the first defendant.
4. The Special Purpose Liquidators shall, in accordance with the requirements of the *Corporations Act*, report to creditors of the first defendant initially on the terms of their appointment and subsequently during the course of their appointment.
5. The second defendants must not do any of the things specified in Order 2 above in relation to the SPL Matters.
6. Save for the matters specified in Orders 2 and 3 above, the second defendants shall do all other matters required and may do all other matters authorised by the *Corporations Act* as liquidators of the first defendant.
7. The second defendants (as liquidators of the first defendant) shall use their reasonable endeavours to provide assistance to the Special Purpose Liquidators by providing



documents or information previously prepared or obtained by them in investigating the SPL Matters.

8. The plaintiff pay the second defendants' costs of this proceeding, fixed in the amount of \$200,000 within 14 days.
9. The second defendants' costs or expenses of and incidental to this proceeding (to the extent they are not met by Order 8 above), and the costs of and incidental to the second defendants' interlocutory application filed on 17 February 2022, be costs or expenses in the winding up of the first defendant and be paid out of the assets of the first defendant.
10. The originating process filed 24 September 2021 otherwise be dismissed with no other order as to costs.

THE COURT DIRECTS THAT:

11. Pursuant to s 90-15(1) of the IPS that the second defendants would be justified in executing, on their own behalf as the liquidators and on behalf of the first defendant:
 - (a) a funding deed in substantially the same form as the document exhibited to the Confidential Ayres Affidavit sworn 18 February 2022 (the **Funding Agreement**); and
 - (b) an indemnity deed in substantially the same form as the document exhibited to the Confidential Ayres Affidavit sworn 18 February 2022 (the **Indemnity Agreement**).

THE COURT ORDERS THAT:

12. Leave be granted pursuant to s 477(2B) of the Corporations Act for the second defendants to enter into the Funding Agreement and the Indemnity Agreement on behalf of the first defendant.
13. Pursuant to s 37AF of the *Federal Court of Australia Act 1976* (Cth), on the ground that the order is necessary to prevent prejudice to the proper administration of justice,



that the Confidential Ayres Affidavit be kept confidential and not be provided or disclosed to any person until further order.

THE COURT NOTES THAT:

1. Rolleston Coal Holdings Pty Ltd, which was granted leave on 22 October 2021 to be heard in the proceeding without becoming a party, supports the making of the above orders and does not otherwise wish to be heard in relation to them.

Date that entry is stamped: 21 February 2022

Sia Lagos
Registrar



Schedule

No: QUD305/2021

Federal Court of Australia

District Registry: Queensland

Division: General

Interested Person	ROLLESTON COAL HOLDINGS PTY LTD ACN 098 156 702
Second Defendant	MARCUS WILLIAM AYRES AND STEPHEN JAMES PARBERY

DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

ICRA ROLLESTON PTY LTD (RECEIVERS AND MANAGERS APPOINTED) (IN LIQUIDATION) ACN 106 260 600 ("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, as detailed in **Annexure A**.

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 Piper Alderman Lawyers and Kroll. Piper Alderman act for the director of the Company, John Canavan. Kroll are the General Purpose Liquidators (**GPLs**) of the Company.

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

- Piper Alderman and Kroll refer insolvency related engagements to FTI Consulting from time to time. Neither the Special Purpose Liquidators nor FTI Consulting have any formal or informal referral arrangements with Piper Alderman or Kroll, and to our knowledge they do not exclusively refer such work to us or FTI Consulting.
- FTI Consulting is not reliant upon referrals from Piper Alderman or Kroll, 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 Piper Alderman or Kroll are 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 Senior Managing Director's 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 Piper Alderman or Kroll to provide legal advice or consulting services, this has been for separate, non-related insolvency/restructuring engagements. Piper Alderman and Kroll are 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.

Did we meet with the Company, the Director, or their advisers before we were appointed?

☒ Yes ☐ No

On 16 February 2022, Joanne Dunn of FTI Consulting's Brisbane office was approached by Piper Alderman, acting for John Canavan, who provided a brief background to the potential appointment. Piper Alderman requested Joanne Dunn to provide a Consent to Act as Special Purpose Liquidator.

Also on 16 February 2022, Joseph Hansell of FTI Consulting's Sydney office was separately approached by the GPLs of the Company, Kroll in a similar fashion.

The purpose of both these interactions were to be provided with information concerning the potential appointment, and to subsequently provide a consent to act.

No further interactions outside those listed above occurred with the Company, the Director, or advisers prior to our appointment.

We received no remuneration for these communications.

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 communications to the advisors of 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 his capacity as Director of the Company, or in relation to his 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 21 February 2022 of the Company in an objective and impartial manner.

We have provided no other information or advice to the Company, Director, and its 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	☐ Yes ☒ No
The Director of the Company	☐ Yes ☒ No
Any associates of the Company?	☐ Yes ☒ No
A former or current insolvency practitioner appointed to the Company?	☒ Yes ☐ No Kroll are the GPLs of the Company. McGrathNicol are the Receiver and Managers of the Company. From time to time, FTI Consulting, Kroll, or McGrathNicol may be concurrently appointed to different roles on the same insolvency engagement. In these circumstances, both firms are appointed to act independently and carry out the statutory duties prescribed by the Corporations Act 2001 (Cth) for the relevant role. Such occurrences are common in the insolvency industry and are permitted under law. Such occurrences are common in the insolvency industry. Both firms are appointed to independently carry out the statutory duties prescribed by the <i>Corporations Act 2001 (Cth)</i> for the relevant role. This relationship does not impact on FTI Consulting's ability to impartially and independently discharge its duties as ordered by the Court.
A secured creditor entitled to enforce a security over the whole or substantially the whole of the Company's property?	☐ Yes ☒ No

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

☒ Yes ☐ No

Relationship	Nature of relationship	Why this relationship does not result in conflict of interest
Macquarie Bank	Macquarie Bank are a creditor of the Company.	We believe that this relationship does not result in a conflict of interest or duty because: ▪ We have not undertaken any work for Macquarie in respect to the Company. ▪ Any previous engagements accepted for Macquarie are unrelated to this engagement. We are not paid any commissions, inducements or benefits by Macquarie to undertake engagements and are not bound or obligated to deliver a favourable outcome to any party.

Indemnities and up-front payments

We have been provided with the following upfront payment to undertake this appointment:

Name	Relationship with the Company	Nature of indemnity or payment
John Canavan	John Canavan is the sole Director of the Company	John Canavan has undertaken to provide FTI Consulting an up-front payment of \$50,000 in order to undertake this appointment pursuant to Federal Court Order QUD 305/2021 made on 21 February 2021. Bank account details have been provided to Mr Canavan to make this payment on 23 February 2022. As of the date of this DIRRI, the payment is yet to be made. We do not anticipate any issue in the receipt of this funding and expect it will be made in due course.

The funding is to cover the remuneration and costs of FTI Consulting to undertake the investigations specified in the Order.

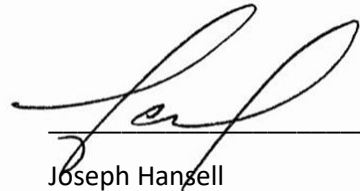
The funding is not conditional on achieving a favourable outcome for the Director.

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 24 February 2022



Joanne Dunn



Joseph Hanzell

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.*

ANNEXURE A

FTI Consulting (Australia) Pty Ltd and associated entities

FTI Consulting Inc (ultimate holding entity)

FTI Consulting – FD Australia Holdings Pty Ltd

FTI Consulting (Australia) Pty Ltd

FTI Technology (Sydney) Pty Ltd

FTI Consulting (Perth) Pty Ltd

FTI Consulting (Sydney) Pty Ltd

FTI Capital Advisors (Australia) Pty Ltd

FTI Consulting Australia Nominees Pty Ltd

24 February 2022

INITIAL ADVICE TO CREDITORS – BASIS OF APPOINTEES' REMUNERATION

Remuneration methods

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

Time based / hourly rates

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

Fixed fee

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

Percentage

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

Contingency

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

Method proposed

We propose that our remuneration is calculated on a time basis. We believe this method is appropriate as it ensures that only the actual work performed is charged for. There are also various tasks required to be completed which do not involve the realisation of assets, such as reporting to ASIC, undertaking investigations, corresponding with creditors and answering their queries, and completing other statutory tasks required by law.

Estimate of remuneration for the Special Purpose Liquidation

We estimate our remuneration for undertaking the Special Purpose Liquidation will be approximately \$50,000 (exclusive of GST), subject to the following variables which may have a significant effect on this estimate and that we are unable to determine until the administration has commenced:

- The full scope and extent of necessary work (from experience, unforeseen matters typically arise and may require us to perform additional work beyond that currently anticipated).

John Canavan, Director of the Company, has undertaken to provide us with an upfront payment of \$50,000 in order to undertake this appointment pursuant to Federal Court Order QUD 305/2021 made on 21 February 2021. This has been disclosed in our declaration of relevant relationships and indemnities.

The Court Order provides that we may negotiate further amounts of funding from the Director, if required, and creditors will be informed of this matter accordingly.

Explanation of hourly rates

The rates for our remuneration calculation are **attached** together with a general guide showing the qualifications and experience of staff that will be engaged in the administration and the role they take in the administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Disbursements

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees - these are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs.

We are not required to seek creditor approval for disbursements paid to third parties, but must account to creditors. However, we must be satisfied that these disbursements are appropriate, justified and reasonable.

We are required to obtain creditors' approval for the payment of internal disbursements which were not charged at cost (and which may therefore have a profit or advantage attached to them), prior to these disbursements being paid from the administration. These disbursements typically would include internal photocopying, printing and facsimile costs. However, as we do not charge our external administrations for internally-generated FTI disbursements where they have not been charged at cost (such as photocopying and printing charges for the use of internal photocopiers, printers etc), creditor approval is not required.

Details of the basis of recovering internal and external disbursements in this administration are provided in the table below. Full details of any actual costs incurred will be provided with future reporting.

FTI Disbursements Schedule

Disbursement type	Charge type	Charge rate (excl GST)
Advertising	External, non-professional	At cost
ASIC Industry Funding Model Levy – metric events	External, non-professional	At cost (at prescribed ASIC rates)
Couriers and deliveries	External, non-professional	At cost
Data Room Charges	External, professional	At cost
Facsimile	Internal (FTI)	Not charged
Legal Fees	External, professional	At cost
Postage	External, non-professional	At cost
Photocopying – internal	Internal (FTI)	Not charged
Photocopying – outsourced	External, non-professional	At cost
Printing – internal	Internal (FTI)	Not charged
Printing – outsourced	External, non-professional	At cost
Records costs – storage, destruction, boxes	External, non-professional	At cost
Search fees	External, non-professional	At cost
Staff motor vehicle use - mileage	Cents per km	At prescribed ATO rates
Staff travel - accommodation, meals etc	External, non-professional	At cost
Stationery and other incidental disbursements	External, non-professional	At cost
Telephone	Internal (FTI)	Not charged
Valuation Fees	External, professional	At cost
Other externally provided professional services		At Cost
Other externally provided non-professional services		At Cost

FTI Consulting CF&R Standard Rates effective 1 July 2021 (excluding GST)

Typical 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	530	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	480	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	435	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.
Associate 1	300	Typically a university graduate. Required to assist with day-to-day tasks under the supervision of senior staff.
Treasury	290	Typically, qualified accountant and/or bookkeeper working in a treasury function. Undertakes treasury activities and is skilled in all aspects of bookkeeping, funds handling, banking, payroll, tax compliance, accounts receivable and accounts payable.
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.
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.
Junior Accountant	180	Undergraduate in the early stage of their university degree.

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