

30 November 2016

ASX Limited
Level 6, Exchange Centre
20 Bridge Street
Sydney NSW 2000
Attention: Company Announcements

Aurora Funds Management Limited (**Aurora**) holds, as responsible entity for the Aurora Fortitude Absolute Return Fund (**AFARF**) and the Aurora Global Income Trust (**AIB**), convertible notes (**AZZG**) issued by Antares Energy Limited (**Antares**). Aurora makes the following announcement as responsible entity for AIB and Aurora Absolute Return Fund (**ABW**) (which is fully invested in units in AFARF).

As holder of a significant parcel of AZZG, Aurora has received a notice of meeting of creditors of Antares issued by the Administrators of Antares, FTI Consulting.

A copy of the materials received is enclosed. Readers should note and observe the limitations set out in paragraph 1.5 of the Administrator's Report to Creditors pursuant to section 439A of the Corporations Act 2001 (**Report**). Those limitations restrict the use of the information contained in the report and the reliance that may be placed on that information. Notwithstanding the limitations placed on the use and reliance of the report, Aurora considers that this is information that should be released pursuant to ASX Listing Rule 3.1.

Having considered the material set out in the Report, Aurora:

1. Considers that the potential outcomes for creditors specified in the Report fully justify the approach taken by Aurora in writing down the carrying value of its investment in AZZG to zero (carried out in connection with the preparation of the 30 June 2016 accounts of AIB, AFARF and ABW).

2. Notes the following observation in the Report:

"The Administrators are of the view that primarily as a result of announcements by management of [Antares] regarding the potential USD250 million sale of the Northern Star and Big Star acreages to Wade Energy in late 2015, perceptions of the realizable assets of the Group have been largely distorted and are not commensurate with the interest generated and feedback from the various sale processes run by the Administrators in Australia and the US."

3. Notes the legal actions which the Administrators report have been commenced against certain management of Antares for breaches of fiduciary duty, amongst other claims.
4. Is considering, what, if any, action Aurora as responsible entity of AFARF and AIB might take in relation to the losses suffered by AFARF, ABW and AIB.

Yours faithfully

Aurora Funds Management Limited



Betty Poon
Company Secretary

24 November 2016

**ANTARES ENERGY LTD (ADMINISTRATORS APPOINTED)
ACN 009 230 835 ("THE COMPANY")**

CIRCULAR TO CREDITORS

I refer to my previous correspondence in relation to this administration and advise that in accordance with section 439A of the *Corporations Act 2001* ("**the Act**"), the Administrators of the Company have convened the second meeting of creditors of the Company for 11:00 AM (AEDT) on Friday, 2 December 2016 at the Han Room, Mezzanine Level, 3 Spring Street, SYDNEY NSW 2000.

Given that the first meeting of the Company was held in Perth, WA, the Administrators have also arranged for a Perth location for Creditors to attend the meeting by phone at 8:00AM (AWST) on Friday, 2 December 2016 at the offices of FTI Consulting, Level 6, 30 The Esplanade, Perth WA 6000.

The following documents are enclosed:

1. Form 529: Notice of Meeting of Creditors;
2. Informal Proof of Debt for voting purposes;
3. Form 532: Appointment of Proxy;
4. Guidance notes for completing proxy and proof of debt or claim forms;
5. Administrators Report to Creditors pursuant to section 439A of the Act – (please contact this office if you require an electronic version of this report);
6. Remuneration Report; and
7. Former Administrators' Remuneration Report.

Creditors are requested to carefully read the Important Notes on the following page with respect to the completion of the Informal Proof of Debt and Appointment of Proxy forms.

FTI Consulting (Australia) Pty Limited

ABN 49 160 397 811 | ACN 160 397 811

Level 15 | 50 Pitt Street | Sydney NSW 2000 | Australia

Postal Address | PO Box R367 | Royal Exchange NSW 1225 | Australia

+61 2 8247 8000 telephone | +61 2 8247 8099 fax | fticonsulting.com

Please contact Alan Issaia of this office on (02) 8247 8000 if you have any queries in relation to the meeting, the enclosed documents or the administration generally.

Yours faithfully
Antares Energy Ltd
(Administrators Appointed)

A handwritten signature in black ink, appearing to read 'Q J Olde', written in a cursive style.

Q J Olde
Joint and Several Administrator

Enc.

S:\Sydney\SYDMATTERS\CURRENT\Antares Energy Ltd - 451880.0002\9 - Creditor Meetings and Communications\Second Meeting Circular and Associated Documents.docx

DETAILS AND NOTICES FOR THE SECOND MEETING OF CREDITORS

- **Form 529: Notice of the meeting of creditors**

The agenda for the meeting is set out in the notice. Please arrive at the meeting venue at least 15 minutes before the scheduled commencement time in order to sign-in.

Telephone facilities are available for those creditors wishing to attend by telephone. If you wish to attend by telephone can you please contact Alan Issaia no later than 4:00 PM (AEDT) on Thursday, 1 December 2016 so that the necessary arrangements can be made.

Should creditors wish to attend the creditors meeting by telephone, please contact this office to obtain the dial in number and the guest pass code.

- **Form 532: Appointment of Proxy**

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.

- **Informal 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 to us if you wish to vote for the value of your debt at the meeting.

Please note you do not need to complete another informal proof of debt or claim form if you have previously completed and sent this form to us.

- **Guidance notes on completing the above forms**

These are included to help you complete the forms correctly. To enable you to speak and vote at the meeting, creditors must complete and submit their proof of debt or claim and (if applicable) proxy forms on or before 4:00 PM (AEDT) on Thursday, 1 December 2016. These forms may be sent to us as follows:

Return to: Antares Energy Ltd (Administrators Appointed)
FTI Consulting
Level 15, 50 Pitt Street, SYDNEY NSW 2000

PO Box R367, ROYAL EXCHANGE NSW 1225

Phone: (02) 8247 8000

Fax: (02) 8247 8099

Email: jonathan.chee@fticonsulting.com

FORM 529

Subregulation 5.6.12(2)

Corporations Act 2001

NOTICE OF SECOND MEETING OF CREDITORS

**ANTARES ENERGY LTD (ADMINISTRATORS APPOINTED)
ACN 009 230 835 ("THE COMPANY")**

Notice is given that a second meeting of the creditors of the Company will be held at the Han Room, Mezzanine Level, 3 Spring Street, SYDNEY NSW 2000 on Friday, 2 December 2016 at 11:00 AM (AEDT).

A Perth, WA location is also available for Creditors to attend the meeting via phone at Level 6, 30 The Esplanade, Perth WA 6000 on Friday, 2 December 2016 at 8:00AM (AWST).

AGENDA

1. To receive a report by the administrators about the business, property, affairs and financial circumstances of the Company.
2. For the creditors of the Company to resolve that:
 - (a) The Company enter into a Deed of Company Arrangement; or
 - (b) The administration should end; or
 - (c) The Company be wound up.
3. To determine the past and future remuneration of the administrators.
4. To determine the future remuneration of the deed administrators (as applicable).
5. To determine the future remuneration of the liquidators (as applicable).
6. If the Company is wound up or the Company enters into a Deed of Company Arrangement, to consider the appointment of a committee of inspection and, if so, who are to be the committee members.
7. To determine the past remuneration of the former administrators of the Company, Bryan Hughes and Daniel Bredenkamp of Pitcher Partners.
8. Any other business that may lawfully arise.

Dated this 24th day of November 2016



Q J Olde
Joint and Several Administrator
C/- FTI Consulting
Level 15, 50 Pitt Street, SYDNEY NSW 2000

ANTARES ENERGY LIMITED (ADMINISTRATORS APPOINTED)
ACN 009 230 835 ("THE COMPANY")

INFORMAL PROOF OF DEBT OR CLAIM FORM

For voting purposes at the meetings of creditors to be held under section 436E and section 439A of the *Corporations Act 2001*, including any adjournment of those meetings.

1. This is to state that the Company is justly and truly indebted to: *(add name and address below)*

.....

for *(insert amount of debt)* \$..... Particulars of the debt are:

Date	Consideration	Amount	Remarks
		\$	

2. Is the debt secured: Yes No *(please circle one)*

If yes, please include details below regarding the security (how it arose, date, whether registered etc.):

.....

.....

☐ I nominate to receive electronic notification of notices or documents by email at the following address:

.....

3. * I am employed by the creditor and authorised in writing by the creditor to make this statement OR

3. * I am the creditor's agent authorised in writing to make this statement in writing.

I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Dated:

.....
Name and signature of authorised person

.....
Name and signature of authorised person *

Email:

Telephone:

* Delete as applicable

FORM 532 - Appointment of Proxy

Regulation 5.6.29
Corporations Act 2001

ANTARES ENERGY LTD (ADMINISTRATORS APPOINTED)
ACN 009 230 835 (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 ☐ general proxy or ☐ special proxy to vote at the meeting of creditors to be held on Friday,
2 December 2016 at 11:00 AM (AEDT) or at any adjournment of that meeting.

Voting instructions - for special proxy only

Resolution

For Against Abstain

1. For creditors of the Company to resolve that:

(a) The Company enter into a Deed of Company Arrangement

☐☐☐

(b) The administration should end.

☐☐☐

(c) The Company be wound up.

☐☐☐

Remuneration from 10 May 2016 to 21 November 2016

☐☐☐

2. The remuneration of the Voluntary Administrators of Antares Energy Limited (Administrators Appointed) ACN 009 230 749 for the period 10 May 2016 to 21 November 2016 (inclusive) be calculated on a time basis at the hourly rates set out in the Schedules of FTI Consulting Standard Rates effective 1 January 2016, and is determined and approved for payment in the amount of \$534,078.00 plus GST and the Voluntary Administrators can draw the remuneration.

Remuneration from 22 November 2016 to 2 December 2016

☐☐☐

3. The remuneration of the Voluntary Administrators of Antares Energy Limited (Administrators Appointed) ACN 009 230 749 for the period 22 November 2016 to 2 December 2016 (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 January 2016, up to a capped amount of \$20,000.00 plus GST, and the Voluntary Administrators can draw the remuneration.

Remuneration from 2 December 2016 to the date the DOCA is executed

☐☐☐

4. The remuneration of the Voluntary Administrators of Antares Energy Limited (Administrators Appointed) ACN 009 230 749 in performance of services performed for the period from 2 December 2016 to the date the DOCA is executed (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 January 2016, up to an amount of \$50,000.00 plus GST, and the Voluntary Administrators can draw the remuneration as required.

Remuneration from the date the DOCA is executed to the termination of the DOCA (inclusive)

☐ ☐ ☐

5. The initial future remuneration of the Deed Administrators of *Antares Energy Limited (In Liquidation)* ACN 009 230 749 for the period from the date the DOCA is executed to the termination of the DOCA (inclusive) is determined and approved for payment at a sum equal to the cost of time incurred by the Deed Administrators and staff of *FTI Consulting*, calculated at the hourly rates set out in the schedule of *FTI Consulting Standard Rates* effective 1 January 2016, up to an amount of \$150,000.00 plus GST, and the Deed Administrators can draw the remuneration as required.

Remuneration from 2 December 2016 to the Conclusion of the Liquidation

☐ ☐ ☐

6. The initial future remuneration of the Liquidators of *Antares Energy Limited (In Liquidation)* ACN 009 230 749 for the period from 2 December 2016 to the Conclusion 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 January 2016, up to an amount of \$100,000.00 plus GST, and the Liquidators can draw the remuneration as required.

7. To consider the appointment of a committee of inspection.

☐ ☐ ☐

Remuneration of Former Administrators

☐ ☐ ☐

8. That the remuneration of *Bryan Hughes and Daniel Bredenkamp of Pitcher Partners*, in their former capacity as Administrators of the Company, and their staff, for the period 28 April 2016 to 10 May 2016 in the amount of \$101,010.50 plus GST and disbursements, calculated in accordance with the *Pitcher Partners (WA) Pty Ltd* scale of rates, be approved and the Former Administrators be authorised to draw the remuneration immediately.

9. Any other business (as applicable)

As the proxy decides

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:

GUIDANCE NOTES FOR COMPLETING PROXY AND PROOF OF DEBT OR CLAIM FORMS

FORM 532 - FORM OF PROXY

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 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 Chairman of the Meeting as your proxy. The Chairman can be appointed as a general proxy or a special proxy. This is entirely your choice.

INFORMAL PROOF OF DEBT OR CLAIM FORM

The proof of debt submitted during an Administration is informal in that it does not mean that the Administrator has agreed with your proof for the purpose of making a distribution.

It is used for voting purposes at any meetings of creditors and also to help establish the overall level of creditor claims in the administration. In the event that there are monies to be distributed to creditors in the future, you will need to submit a Formal Proof of Debt or Claim form.

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.

24 NOVEMBER 2016



ADMINISTRATORS' REPORT TO CREDITORS PURSUANT TO SECTION 439A OF THE CORPORATIONS ACT 2001

ANTARES ENERGY LIMITED
(ADMINISTRATORS APPOINTED) ACN 009 230 835
("THE COMPANY")

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1. Introduction

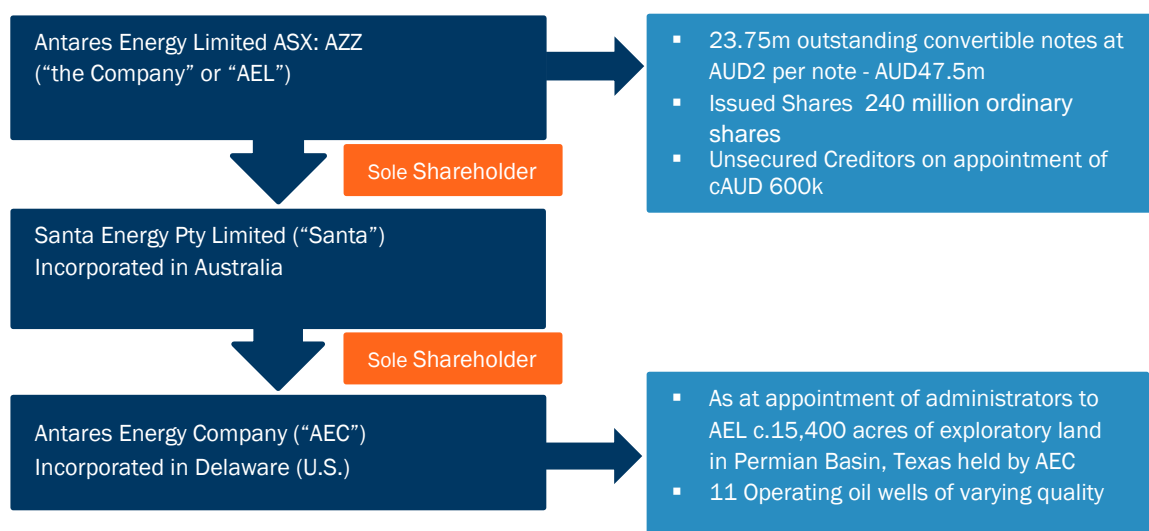
1.1 Overview of the AEL and Group

Antares Energy Limited (“the Company” or “AEL”) is an Australian ASX listed oil and gas producer focused on upstream projects in the Permian Basin, West Texas, US.

The Company is the sole shareholder of Santa Energy Pty Ltd (“Santa”), an Australian private company, which is the sole shareholder of Antares Energy Company (“AEC”). AEC is an entity incorporated in Delaware U.S. and is the owner of oil and gas assets including exploration acreage and operating wells in the Permian Basin West Texas U.S.

A summary of the Group with key details is shown in Chart 1 below:

Chart 1: Group Structure and Key Information



The structure of the Group and interaction between Group entities is discussed further in the Report.

1.2 Appointment of Administrators

Quentin Olde and Michael Ryan of FTI Consulting (“the Administrators”), were appointed as replacement administrators of AEL at the first meeting of creditors of the Company held on 11 May 2016 pursuant to s436E of the Corporations Act 2001 (Cth) (“the Act”), following the appointment of Bryan Hughes and Daniel Bredenkamp of Pitcher Partners (“Former Administrators”) on 28 April 2016.

On 25 May 2016 the Administrators obtained an extension of the voluntary administration convening period from the NSW Supreme Court which extended the Convening Period for a period of up to 6 months (to 26 November 2016).

1.3 Purpose of the Report

This report is designed to provide Creditors of the Company with sufficient information to allow them to make an informed decision when voting on resolutions about the future of the Company at the **Second Meeting of Creditors which is convened for 11am on Friday 2 November 2016 at Christie Centre Han Room Mezzanine Level 3 Spring Street, Sydney NSW**. Please refer to Section 3 of this report for further details.

This report is intended to constitute a report pursuant to Section 439A of the Act for the Company subject to Voluntary Administration. This report also discusses subsidiaries of the Company incorporated in Australia and the U.S. to ensure that a full picture of the activities of the Group is provided.

1.4 Glossary

A glossary of the defined terms used in this report is enclosed as Schedule 1.

1.5 Disclaimer

This report is based on financial and other information located in the books and records provided by the directors of the Company. The books and records of the Company received to date have been reviewed, but cost constraints have meant that no additional audit of the information supplied has been undertaken by the Administrators.

We have no reason to doubt the information contained in this report. The statements and opinions given in this report are given in good faith and in the belief that such statements and opinions are not false or misleading. Except where otherwise stated, 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 date of the Second Meeting of Creditors of the Company.

Neither the Administrators, FTI Consulting nor any employee thereof undertakes responsibility in any way whatsoever to any person in respect of any errors in this report arising from incorrect information provided to the Administrators.

This report is not for general circulation or publication, nor is it for reproduction or any other use other than to assist creditors in evaluating their positions as creditors of the Company. The Administrators do not assume nor accept any responsibility for any liability or loss sustained by any creditor or any other party as a result of the circulation, publication, reproduction or any other use of this report.

Creditors must seek their own independent legal advice as to their rights on the possible liquidation of the Company.

2. Executive Summary

An Executive Summary of the findings and recommendations of the Administrators as detailed in this report appears below.

The Executive Summary must be read in conjunction with the entire report and must not be relied on without first reading the entire report including all qualifications, limitations and comments.

It is in particular emphasised that all assessment, findings and conclusions must be considered preliminary at this time.

Further investigations and assessment will be undertaken if the Company proceeds to Liquidation. Accordingly, the Administrators reserve the right to vary or change any conclusions reached or views expressed.

Table 1: Executive Summary

Key areas	Commentary	Analysis
Second Meeting of Creditors	Pursuant to Section 439A of the Act, the Administrators have convened the Second Meeting of Creditors of the Company, to be held at 11am on Friday 2 November 2016 at the Han Room, Mezzanine Level, 3 Spring Street, Sydney NSW . Dial in facilities will also be available and further information is available in the notice of meeting enclosed with the Report.	Section 3

Challenges Faced by Administrators	<p>Throughout the Administration, the Administrators have faced a number of challenges particularly relating to the situation of the Group on appointment, and the location and quality of the Group's assets including:</p> <ul style="list-style-type: none"> Limited funds being available to the Administrators on appointment due to the following: <ul style="list-style-type: none"> The Former Administrators asserted a lien for their fees and costs (AUD144k) and have held the balance of the cash at bank on appointment in the AEL bank account. Prior to the appointment of the Administrators, and before and during the appointment of the Former Administrators, funds were withdrawn from the AEC bank account by James Cruickshank to pay his own accrued employee entitlements as well as those of Greg Shoemaker including associated taxation payments. The amount paid out of the account was c\$1.37m. Therefore these funds were not available to the Administrators to contribute to preserving the assets of AEC or renew expired acreage leases. The exploratory nature of the AEC assets and location of acreage (peripheral position in Permian Basin) has not been conducive to high levels of market interest during the sale process despite recent sales activity occurring in other areas of the Permian Basin. General market conditions in the U.S. including fall in crude prices. 	Section 4
Administrators' strategy in respect of asset realization	<p>The Dual Track process consisted of the following:</p> <ul style="list-style-type: none"> Continued campaign for the sale of AEC assets undertaken in the US by investment banking group KLR, who were engaged by the Company prior to the appointment of the Administrators; Process commenced by Riviera Ensley Energy Advisors ("REA") in the US to explore interest in a structured investment in the asset in order to further develop acreage; and Australian Expressions of Interest ("EOI") Process; 	Section 4
Value of AEC assets in Company Records	<p>The recoverable amount of the Big Star and Northern Star assets at a range of balance dates was AUD3.7m.</p>	Section 5
Experts View on AEC Assets	<p>The Administrator's approached the question of value from a range of viewpoints and have received a range of expert reports focused on the following aspects of the assets of the Group:</p> <ul style="list-style-type: none"> Geological; Engineering – reserve; Land value; and Results of pre-appointment sale process. 	Section 5

Administrators' view on realisable value of assets	<p>The Administrators are of the view that primarily as a result of announcements by management of the Company regarding the potential USD250 million sale of the Northern Star and Big Star acreages to Wade Energy in late 2015, perceptions of the realizable assets of the Group have been largely distorted and are not commensurate with the interest generated and feedback from the various sale processes run by the Administrators in Australia and the U.S.</p>	Section 5
Sale of Assets	<p>The Administrators intend to realize the assets of the Group by a combination of the processes detailed in section 5 as follows:</p> <ul style="list-style-type: none"> (a) Sale of Northern Star Acreage (b) Sale of Northern Star Wellbores (c) Recapitalisation of AEL via a DOCA (which includes the Big Star acreage) <p>The lack of funds available to retain acreage or undertake further development has meant that the Administrators are now required to extract themselves from their position and use funds generated from the sale of oil and gas assets to pay costs of the Administration. Further discussion on the recapitalization and DOCA process occurs in later sections including the Administrators' estimated return to creditors.</p>	Section 5
Legal Actions Commenced by the Administrators	<p>Action has been commenced against James Cruickshank and Greg Shoemaker in the district court of Dallas County, Texas U.S. for the return of the funds paid from the AEC bank account by Cruickshank to himself and Greg Shoemaker prior to the appointment of the Administrators.</p> <p>The Administrators have filed claims for breach of fiduciary duty, fraudulent transfer, and theft against Cruickshank, and breach of fiduciary duty and fraudulent transfer against Shoemaker. These claims are based on Cruickshank's and Shoemaker's misappropriation and dissipation of company funds and breaches of the trust placed in them as directors and company insiders.</p>	Section 9
DOCA Proposal Received	<p>The Administrators have received a formal DOCA proposal as part of the Australian EOI process from Pager Partners Corporate Advisory ("Pager Partners").</p> <p>The Administrators will put the proposal forward for consideration at the Second Meeting of Creditors. Creditors may choose to adjourn the Second Meeting of Creditors for a period not exceeding 45 business days in order to evaluate the DOCA Proposal.</p>	Section 13 and 14
Future of the Company	<p>The Administrators recommend that the creditors of the Company resolve to execute the DOCA which has been proposed by Pager Partners as detailed in Schedule 8.</p>	Section 16

**Estimated outcome
for creditors
(including
Noteholders)**

The range of outcomes for unsecured creditors (including noteholders) are estimated as follows (AUD):

In liquidation: 0 – 5c / \$

DOCA: 0.8 – 6c / \$ (estimated likely 2.6c / \$)

The outcomes are dependent on the results of asset sale negotiations, recoveries from legal actions, and the cost of the Administration.

Section 15

3. Appointment of Administrators

3.1 Objective of the Administration

Section 435A of the Act states that the objective of the Administration provisions of the Act are to provide for the business, property and affairs of an insolvent company to be administered in a way that:

1. Maximizes the chance of the company, or as much as possible of its business, continuing in existence; or
2. If it is not possible for the company or its business to continue in existence, results in a better return for the company's creditors and members than would result from an immediate winding up of the company.

This report has been prepared in accordance with Section 439A (4) of the Act.

Whilst a “better return” is usually synonymous with an increased monetary return being paid to unsecured creditors, there is no absolute requirement that unsecured creditors receive an increased monetary return for the overall return to constitute a “better return” for the Company's creditors.

3.2 Appointment and Replacement of Administrators

On 28 April 2016, the Directors of the Company resolved to appoint Bryan Kevin Hughes and Daniel Johannes Bredenkamp of Pitcher Partners (“Former Administrators”) as Voluntary Administrators of the Company pursuant to s436A of the Act.

At the first meeting of creditors held on 10 May 2016, creditors voted to replace the Former Administrators with Quentin James Olde and Michael Joseph Ryan of FTI Consulting pursuant to 436E of the Act.

3.3 First Creditors Meeting

The first meeting of the Company's creditors in the administration was held on 10 May 2016.

In addition to the replacement of the Former Administrators at the First Meeting, a Committee of Creditors (“the Committee”) was formed.

3.4 Committee of Creditors

The Committee was appointed at the first meeting of Creditors. The members of the Committee are detailed in Table 2:

Table 2: Committee of Creditors

Name	Noteholder Represented
Dan Rose	The Trust Company Limited
Peter Strachan	Strachan Corporate Pty Ltd
Mark Bradbury	Brad Bradbury Super Fund
Robert Crayford	New City Investment Managers
Phil Carter of PPB Advisory	Aurora Funds Management Limited
Robert Drysdale	V S I Hardware Pty Ltd

Since the First Meeting, the Administrators have liaised with the Committee throughout the convening period and have kept them informed of the progress of the administration.

Informal meetings of the Committee were held by telephone on the following dates:

- 19 May 2016;
- 2 August 2016; and
- 18 October 2016.

The purpose of meetings with the Committee was to provide the Committee members with updates on the Administration and various asset realisation processes being undertaken by the Administrators. In addition the meetings were an opportunity to obtain the views of key stakeholders on key issues in the Administration.

The members of the Committee agreed to execute a confidentiality agreement in order to receive commercially sensitive information in respect of the processes being run by the Administrators and details in relation to the estimated realisable value of the assets of the Group.

In addition to the above, the Administrators have had extensive correspondence with the members of the Committee on an individual basis throughout the Administration.

3.5 Extension of Convening Period

On 25 May 2016 the Administrators obtained an extension of the voluntary administration convening period from the Supreme Court of NSW which extended the Convening Period for a period of up to 6 months (to 26 November 2016). The Administrators sought an extension of the convening period to provide additional time to undertake the following:

- Understand and deal with the assets of the Group, particularly given the geographical location of the assets in the U.S. and the complexity of the matter;
- Explore options to maximize the realizable value of the assets of the Group; and
- Undertake thorough investigations into the affairs of the Company and its subsidiaries.

Additionally the extension would enable the Administrators to avoid the cost of preparing a report and holding a meeting of creditors that the Chairman would propose to be adjourned.

A copy of the Court order extending the convening is attached as Schedule 2.

3.6 Second Meeting of Creditors

Pursuant to Section 439A of the Act, the Administrators have convened the Second Meeting of Creditors of the Company, to be held at **11am on Friday 2 November 2016 at the Han Room, Mezzanine Level, 3 Spring Street, Sydney NSW**. Dial in facilities will also be available and further information is available in the notice of meeting enclosed with the Report.

Given that the first meeting of the Company was held in Perth, WA, the Administrators have also arranged for a Perth location for Creditors to attend a dialled in meeting of the Company for 8:00AM (AWST) on Friday, 2 December 2016 at the offices of FTI Consulting, Level 6, 30 The Esplanade, Perth WA 6000.

The principal function of the Second Meeting of Creditors is to decide the future of the Company. The Creditors of the Company must pass one of following three (3) resolutions to decide the future of the Company at the Second Meeting of Creditors:

- The Company executes a DOCA; or
- The Company is wound up; or
- The Administration ends.

The Administrators explain the effect of those resolutions in the Report after first considering the right of Creditors to adjourn the Second Meeting of Creditors for a period not exceeding 45 business days. The Administrators' opinion on which of the three (3) resolutions is in the best interests of Creditors appears at Section 16 of the Report.

3.7 Administrators' Independence

The Act requires the Administrators:

- To be independent of the Company; and
- To be seen to be independent of the Company.

Following the First Meeting of Creditors, the Administrators forwarded a Declaration of Independence, Relevant Relationships and Indemnities ("DIRRI") for the Company to creditors. A copy of the DIRRI is enclosed as Schedule 3.

No other matters have occurred which would compromise the independence of the Administrators or preclude the Administrators from acting as Administrators of the Company.

Other than disclosed in the DIRRI, the Administrators did not have any professional or advisory relationship with the Company or any other existing relationship with:

- The Directors;
- The Company and all related bodies corporate as defined in the Act; and
- Any dominant creditor, be it a security interest holder, or main or central supplier in respect of its exposure to the Company.

3.8 Indemnities Received by the Administrators

No indemnities have been provided to the Administrators by any party other than statutory indemnities available under the Act.

4. Progress of Administration

4.1 Introduction

Throughout the Administration, the Administrators have faced a number of challenges particularly relating to the situation of the Group on appointment, and the location and quality of the Group's assets. These challenges have included:

- Limited funds being available to the Administrators on appointment due to the following:
 - The Former Administrators asserted a lien for their fees and costs (AUD144k) and have held the balance of the cash at bank on appointment in the AEL bank account.
 - Prior to the appointment of the Administrators, and before and during the appointment of the Former Administrators, funds were withdrawn from the AEC bank account by James Cruickshank to pay his own accrued employee entitlements as well as those of Greg Shoemaker including associated taxation payments. The amount paid out of the account was c\$1.37m. Therefore these funds were not available to the Administrators to contribute to preserving the assets of AEC or renew expired acreage leases.
- The abovementioned funds have been held / paid in preference to related parties rather than being available to preserve and hold the assets of AEC, and renewing expired acreage leases.
- The exploratory nature of the AEC assets and location of acreage (peripheral position in Permian Basin) has not been conducive to high levels of market interest during the sale process despite recent sales activity occurring in other areas of the Permian Basin.
- General market conditions in the U.S. including fall in crude prices.

The Administrators' approach, options identified, and recommendations presented to creditors in this Report should be viewed in the context of the constraints detailed above.

4.2 Situation on Appointment

4.2.1 Key Issues and Initial Actions on Appointment

Table 3: Summary of Key Issues on Appointment

Key Issue on Appointment	Comment	Section
Activation of FTI team	Activation of an appropriate team of specialists in Australia and the U.S.	4.2.2
Group Structure and Control of Company and Subsidiaries	Obtaining control of AEL and subsidiaries including AEC	4.2.3
AEL Cash at Bank (Australia)	AEL cash at bank (cAUD144) was unavailable as Former Administrator held cash as a lien for fees and costs.	4.2.4
AEC Cash at bank (U.S.) Depletion of Cash	Shortly before the Administrators' appointment a series of payments were authorised by James Cruickshank and paid to himself and Greg Shoemaker in relation to employee entitlements. The payments totalled cUSD1.37m and left limited funds remaining in AEC bank account (cUSD179k) to enable the Administrators to fund ongoing operations of AEC including maintenance of wells and acreage lease renewal.	4.2.5
Preservation and continued operation of AEC Assets	FTI U.S. team engaged with key service providers in the U.S. to understand status of producing wells and acreage lease expiry. In addition a key task was to understand pre-appointment attempts to	4.2.6 & 4.2.7

	sell assets and any ongoing processes. The Administrators also recovered two motor vehicles registered to AEC which were in the possession of James Cruickshank on appointment. The cars were not initially surrendered to the Administrators by Mr Cruickshank, but were collected after court proceedings were commenced to recover the vehicles.	
Collection of Company Records and meeting with Officers	The Administrators ensured that Company records were obtained as a matter of urgency and requested cooperation from the directors of the Company. Meetings were held in Australia and the U.S. with officers of the Company and subsidiaries.	4.2.8

4.2.2 Activation of FTI Consulting Team in U.S. and Australia

Immediately upon their appointment, the Administrators contacted specialist oil and gas team members in FTI Consulting's Dallas and Houston U.S. offices to establish a strategy for taking control of and preserving the Group's assets. The Administrators immediately arranged for an experienced team of specialists to assist on with this matter.

Key specialists in U.S. team include:

Albert Conly (Senior Managing Director, Dallas Texas)

- Over 39 years of extensive restructuring, corporate finance, interim management and asset management experience in a variety of industries, particularly energy.

Paul Jordan (Senior Director, Houston Texas)

- Over 30 years of experience in the oil and gas industry working in a range of roles from technical engineering positions, to financing and private equity roles.
- Licensed petroleum engineer in the state of Texas U.S.

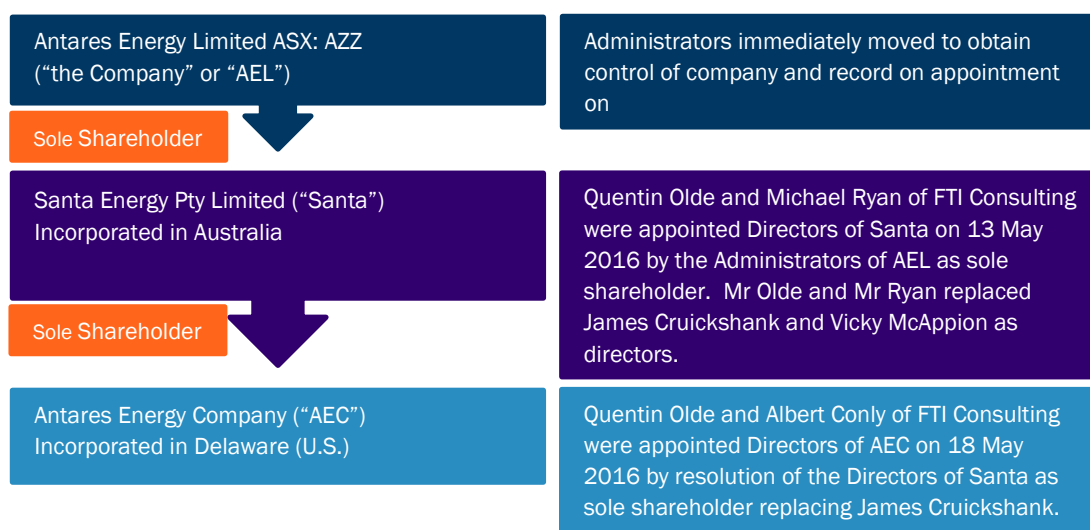
Mr. Jordan immediately took control of day to day operations of AEC in the U.S.

Team members in Perth and Sydney have also undertaken key tasks in the administration facilitating collection of Company records in Australia and liaising with key stakeholders.

4.2.3 Obtaining Control of Company and Subsidiaries On Appointment

On appointment, the Administrators moved immediately to obtain control of all Group entities, particularly AEC which operated oil and gas assets in the U.S. The Group Structure as at appointment is summarized in Chart 2 below. We note that as at the date of the appointment of the Administrators, the Former Administrators had failed to obtain control of AEC which held cash and the assets of the Group in the U.S.

Chart 2: Summary of Administrators' Control Actions on Appointment



The Administrators' initial actions taken are detailed in Chart 2 and included the change in directors of subsidiaries to gain control of Santa and AEC. These actions allowed the Administrators to take control of the subsidiaries of the Company and assets of the Group.

Prior to this, the Former Administrators had advised that their strategy was to leave Mr. Cruickshank in control as a director of the subsidiaries and continue to lead future sale negotiations for the Group's assets from his base in the U.S.

The Administrators did not agree with this approach, particularly as Mr. Cruickshank had not been adequately responding to communications from the Administrators in the early stages of the appointment and had not indicated that he would cooperate with the Administrators.

In taking control of the subsidiaries, the Administrators also implemented an adjustment to the terms of the intercompany loan between the Company, Santa and AEC. The intercompany loan arrangement was changed to a "Pay if you Can" ("PIYC") arrangement to ensure that the solvency of the subsidiaries was not at issue.

4.2.4 Cash at Bank (Australia)

The Former Administrators recovered AUD144.7k from AEL's pre-appointment bank account.

On 11 May 2016, the Administrators through their solicitors issued a notice to the Former Administrators to remit the Company's funds in their possession to the Administrators. In a letter dated 17 May 2016, the Former Administrators advised that they intended to hold a lien over the Company's funds in their possession in relation to their outstanding liabilities, remuneration and disbursements incurred during the Former Administration Period. A summary of the remuneration and costs claimed by the Former Administrators is summarized in Table 4 below:

Table 4: Former Administrators Fees and Costs

Item	AUD (incl GST)
Administration liabilities	8,123.20
Insurance	36.30
Legal fees	30,351.75
Former Administrators' remuneration	111,111.55
Former Administrators' disbursements	2,962.54
Total liabilities	152,585.34

The Former Administrators have also provided the Administrators with a remuneration report in accordance with the Act and have requested that fee approval be sought at the Second Meeting of Creditors. A copy of the Former Administrators' remuneration report is attached to the Administrators' remuneration report enclosed in this circular.

4.2.5 AEC Cash at Bank U.S. - Depletion of Cash due to transactions made by James Cruickshank

During the period shortly prior to the appointment of the Former Administrators and the period after their appointment, but prior to the appointment of the Administrators, payments were authorized by James Cruickshank and paid out of AEC's bank to Cruickshank and Greg Shoemaker.

The payments were made directly to Cruickshank and Shoemaker from the AEC bank account purportedly for "employee entitlements", including related taxation payments made to the IRS. These amounts were paid in preference to other creditors of AEC, and left AEC with limited funds to continue to operate and preserve assets such as wells and leased acreage.

Details of the payments authorized by Cruickshank are summarized in Table 5 below:

Table 5: AEC Depletion of Cash at Bank (US)		
Date	Description	Amount (USD)
27/04/2016	Transfer to Cruickshank	445,911.4
27/04/2016	Transfer to Shoemaker	64,941.3
28/04/2016	Transfer to IRS	388,209.5
10/05/2016	Transfer to Cruickshank	182,713.8
10/05/2016	Transfer to Shoemaker	96,264.8
17/05/2016	Transfer to IRS	199,349.6
Total		1,377,390.4

The Administrators recovered USD 187k from AEC bank accounts. These funds have been used to fund continuing operations of AEC and the preservation of the assets where possible. We note however that the amount left in the AEC by the Directors was not adequate on appointment to discharge all outstanding creditors and present and future liabilities, and to renew expiring lease acreage. This issue is discussed in greater detail in following sections.

The Administrators have filed proceedings against Cruickshank and Shoemaker in the District Court of Dallas, Texas, U.S. asserting breach of fiduciary duty, fraudulent transfer, and theft, against James Cruickshank, and breach of fiduciary duty and fraudulent transfer against Greg Shoemaker. These claims are based on Cruickshank's and Shoemaker's misappropriation and dissipation of company funds and breaches of the trust placed in them as directors and company insiders.

Further discussion in relation to the transfers made by Cruickshank to himself and Greg Shoemaker occurs later in the Report.

4.2.6 Control of Operations and assets

Following the change of directors and obtaining control of AEC, FTI Consulting's team in Texas moved swiftly to take control of operations and contact key suppliers in order to understand the current status of the assets.

Paul Jordan immediately contacted and met with key parties who had been providing services to AEC prior to the appointment of Administrators in order to gain an understanding of AEC's operations and assets.

The following suppliers were contacted and retained once control of AEC was obtained:

- P2 (accountants) who had been providing accounting and bookkeeping services,
- Courtney Alexander (landman) who led negotiations and contact with leaseholders prior to our involvement;
- Hadaway (contract well operator / engineer); and
- KLR in relation to their role in the pre-appointment asset sale process.

4.2.7 AEC Assets - Vehicles

The Administrators also recovered two cars in the possession of James Cruickshank registered to AEC. Mr. Cruickshank did not release the vehicles to FTI Consulting staff in the U.S. despite repeated requests made by the Administrators' staff and new directors of AEC. The vehicles were finally collected after a number of months following the commencement of court proceedings in the U.S. against James Cruickshank. In this regard, Mr. Cruickshank's conduct caused disruption and contributed to increasing the costs of the Administration.

4.2.8 Collection of Company Records

On appointment, the Administrators staff met with directors, officers and employees to obtain relevant records of the Company and Group.

Members of the FTI Consulting team have met with all Company officers in Australia and the U.S. including the following:

- James Cruickshank;
- Greg Shoemaker;
- Vicky McAppion; and
- Graeme Smith.

In addition, the Administrators collected various virtual and physical books and records of AEL and AEC in Australia and the US.

As AEL officers operated out of their homes in the US and Australia and ran the business primarily on a paperless basis, there have been limited physical equipment and files to secure. Key to the collection of records was obtaining access to and securing the email server for the Company.

4.3 Status of Assets on Appointment

4.3.1 Land Position

At the beginning of 2016, the Company held c21,000 combined net exploratory acres of land.

This acreage made up what is known as the Northern Star and Big Star projects located in Dawson County, Texas on the northern periphery of the Permian Basin. Historically, lease acreage was secured by AEC on a rolling basis, generally for a 3 year term with option for extension in acreage signed in earlier years.

AEC did not renew any expired leases after 31 December 2015. As a consequence, leases for approximately 5,600 acres of land had expired by the time the Administrators were appointed.

Upon appointment the Administrators were advised by service providers in the U.S. that an additional 1,200 net acres was due to expire throughout the remainder of 2016. The ongoing expiration of leases has posed a risk to the marketability of the acreage as a contiguous asset.

Shortly after appointment the estimated cost of re-leasing all lost acreage was reviewed and estimated to be a range of USD 1.2m to 2.8m to re-lease all acreage lost in 2016. As previously discussed, the Administrators have had insufficient funds available to AEC to enable expired leases to be renewed.

Funds paid out of the AEC account to James Cruickshank and Greg Shoemaker in respect of their accrued entitlements (USD 1.37m) could have been utilized to renew acreage had it been available. This is discussed further in the investigations section of the Report.

A summary of AEC's acreage position and estimated cost to renew leases on appointment of the Administrators on 11 May 2016 is detailed below.

Summary of Acreage Status on Appointment are shown below:

North Star

	Expired to Date	To Expire 2016	Total Expiration 2016
Lease Acreage	5,253	173	5,427
Lease Count	143	24	167
Cost to renew - High¹	\$ 1,838,711	\$ 521,841	\$ 2,360,552
Cost to renew - Low¹	\$ 525,346	\$ 521,841	\$ 1,047,187

¹ Cost for leases expired to date assumes \$100/acre in low case and \$350/acre in high case, Cost for leases to expire 2016 represents option cost (remaining leases to expire in 2016 are under option)

Big Star

	Expired to Date	To Expire 2016	Total Expiration 2016
Lease Acreage	403	1,024	1,427
Lease Count	23	57	80
Cost to renew - High¹	\$ 141,000	\$ 358,549	\$ 499,549
Cost to renew - Low¹	\$ 40,286	\$ 102,443	\$ 142,728

¹ Cost for leases expired to date assumes \$100/acre in low case and \$350/acre in high case, Cost for leases to expire 2016 assumes \$250/acre remaining Big Star leases expiring in 2016 are not under option

Outstanding Option Value to renew 2017+ leases

	North Star	Big Star	Total
Lease Acreage	1,089	4,850	5,939
Lease Count	57	340	397
Cost	\$ 521,841	\$ 1,165,566	\$ 1,687,407

Represent leases under option, and related option fees for renewal, for leases within both projects with expiration in or after Jan. 2017

Summaries of the current leases in the Big Star and Northern Star acreages and expiry dates are enclosed in Schedule 5.

4.3.2 Oil & Gas Production

On appointment the Administrators established that AEC owned interests in 11 producing wellbores. The wellbores are of varying quality and some wells are currently out of service. The majority of well value exists in the Big Star and North Star acreage. The status of AEC's wells on appointment of the Administrators is summarised below:

Table 6: Summary of AEC Wellbores on Appointment

Project	Well Name	Area	Production Oil (Bopd)	Comments
Big Star	Cline 46-1	Dawson County, TX	3	Out of service, \$22k to repair
Big Star	Esmond 20-1	Dawson County, TX	7.5	Out of service, \$70k to repair
Big Star	Simmons 27-2	Dawson County, TX	6	Operated by 3 rd party, no payments after Feb 2016
Big Star	Stuart 12-1	Dawson County, TX	2	Producing
Big Star	Woodward 7-1	Dawson County, TX	1.5	\$15k to repair and hold lease
Northern Star	Archer 1601	Dawson County, TX	6	Producing
Northern Star	Cozart 11-1	Dawson County, TX	3	Out of service, \$15k to repair
Northern Star	Cozart A-1 (redrill of Cozart 17-1)	Dawson County, TX	1	Producing
Northern Star	Cozart 19-1	Dawson County, TX	35	Out of service, \$10k to repair has been authorised
Northern Star	Debnam 22-1	Dawson County, TX	6	Producing
Northern Star	Pettaway 7-1	Dawson County, TX	5.5	Out of service, \$15k to repair
Northern Star	Jones 23 #1	Dawson County, TX	n/a	Staked as horizontal well
Northern Star	Jones 24 #1	Dawson County, TX	n/a	Staked as horizontal well
Northern Star	Jones SWD #1	Dawson County, TX	n/a	Staked as salt water disposal (SWD) well
Northern Star	Newbrough #1	Dawson County, TX	n/a	Out of service, \$100k to convert to SWD
Hawkvill	Donnell 457 1&2	McMullen County, TX	ORRI	Overriding royalty interest (ORRI) only
Hawkvill	Connell C-1H	McMullen County, TX	ORRI	Overriding royalty interest (ORRI) only
Hawkvill	Connell C-2H	McMullen County, TX	ORRI	Overriding royalty interest (ORRI) only
Hawkvill	Donnell-Mullholland Unit 1&2	McMullen County, TX	ORRI	Overriding royalty interest (ORRI) only
Oyster Creek	Harrison 2	Brazoria County, TX	Unknown	Unknown

On obtaining control of AEC and its oil and gas assets, the FTI team moved to instruct repairs and maintenance on a number of key wells. This work was completed shortly after appointment and the Administrators have been receiving income from production throughout the appointment.

4.4 Operation of AEC oil & gas assets by the Administrators

The Administrators through control of AEC have continued to operate the oil and gas assets in the U.S. Table 7 below is a summary of the trading results for the 12 months to 31 July 2016.

**Table 7: AEC Operating statement
12 Months to 31 July 2016**

Oil Sales	
Volume (BBLs)	14,016.0
Revenue (USD)	524,228.0
Price Per BBL (USD)	37.4
Well Liquid Sales	
Volume (Gallons)	4,384.0
Revenue (USD)	1,132.0
Price per Gallon (USD)	0.26
Gas Sales	
Volume (MCF)	10,102.0
Revenue (USD)	27,754.0
Price per MCF (USD)	2.75
Total Operating Revenues	553,114.0
Less Production Taxes	26,181.0
Net Oil & Gas Revenues	526,934.0
Less Total Operating Expenses	439,574
Net Operating Income	87,360.0
CAPEX Required during year	895,617.0

A full operating statement to 31 July 2016 is shown in Schedule 5.

We note that there is a lag of several months with the receipt of revenue from production and therefore, production figures detailed in Table 7 are current.

In relation to the operations, we also make the following comments:

- Numerous operating wells had not been adequately maintained due to a lack of funds held by the Group.
- On appointment, the Administrators were required to authorize a number of well repairs in order to enable producing wells to function.
- Oil and gas production profitability continues to be marginal, however makes a significant loss when factoring in capital expenditure requirements and lease renewal costs.

4.4.1 Macquarie NPI

Antares Energy Company entered into an agreement with Macquarie Bank Limited in respect of a net profits overriding royalty interests pursuant to an agreement dated 14 December 2011. The Administrators have liaised with Macquarie to understand impact of NPI Royalty. Macquarie has advised that any price received for the assets will be acceptable to Macquarie and they have undertaken to amend the agreement to accommodate a structured transaction. Further discussion in relation to Macquarie NPI occurs later in this report.

We are currently working on the settlement of an amendment of Macquarie's 10% Net Profits Interest in the Northern Star project.

4.5 Options Available to the Administrators to Realise Value

The Administrators have considered a range of options available to them in order to realize and maximize value from the assets of the Group. These options were communicated and discussed with the Committee. As previously discussed, the acreage is exploratory in nature which means that there are a wide range of possible outcomes which could be achieved within the options articulated.

Table 8 is a summary of the options available to the Administrators which was originally provided to the Committee. Each of the options outlined is contingent on the overall quality of the assets of AEC and market interest.

In addition, most options identified required additional funding. Although raising further funding was canvassed with the Committee, the Administrators were not able to secure further funding from key stakeholders to pursue options where funding was essential (seismic, further drilling etc.). The Administrators received feedback from key stakeholders that they would not provide further funding due to uncertainty of the possible outcomes and risk inherent in the unproven nature of the exploration acreage.

Table 8: Options Available to the Administrators to Realise Value

	Option	Summary of Actions	Funding Required	Estimated Return to Creditors
1.	Orderly shutdown and asset sale	Orderly shutdown of wells and remediation (capping of wells) (c.USD300k) Sale of producing well (cUSD1m) Sale of ASX shell / recapitalisation	Nil – leases will expire and be lost.	Nil Payment of Administration costs and legal costs only from net funds received from the sale of well(s) (cUSD700)
2.	Maintain Current Status Awaiting Sale or improvement in market conditions	Obtain funding to continue operations Wait for 12 months for oil price to rebound	Funding required of cUSD2.25m to hold lease positions and funds ongoing operations for 12 months.	Unknown – Market dependent and dependent on any result achieved from the continuing KLR process.
3.	Raise equity, maintain Current Status & Attempt to Prove Up Acreage	Retain current lease status Acquire and process 3D seismic (USD3m) and / or Drilling a horizontal well to attempt to prove up acreage (USD3-4m)	Subject to a 25% contingency, total funding required USD10m	Unknown – highly uncertain, dependent on quality of acreage, potentially binary outcome
4.	Seek a Partner or Structured Investor	Obtain investment partner Settle terms of agreement Period of negotiation and agreement of documentation Sufficient cash flow to allow operations to continue pending the drilling of the horizontal well.	Cash flow to maintain operations over a 6 month period (cUSD1m). Estimate contingent on whether leases will be renewed (see option 2)	Unknown – highly uncertain, dependent on quality of acreage, potentially binary outcome

4.6 Asset Realisation Strategy

Due to the lack of funds held by the Administrators and lack of funding options available, the Administrators commenced a dual track approach to maintain current status of the assets and attempt to prove up acreage as well as seeking a partner or structured investor. This was a combination of options 3 and 4 detailed in Table 8 above.

The Dual Track process consisted of the following:

- Continued campaign for the sale of AEC assets undertaken in the US by investment banking group KLR, who were engaged by the Company prior to the appointment of the Administrators;
- Process commenced by Riviera Ensley Energy Advisors (“REA”) in the US to explore interest in a structured investment in the asset in order to further develop acreage; and
- Australian Expressions of Interest (“EOI”) Process;

The Dual Track approach formed part of the Administrators’ overall approach which is detailed in the following section.

4.7 Administrators’ Overall Approach

The Administrators have previously presented a summary to the Committee of their adopted three stage approach to the Administration:

Table 9: Three Stage Approach to the Administration

Phase 1 Obtain information, secure assets, preserve value, initial strategy considerations (First Month)	Phase 2 Options for realization of value & key considerations (Months 2 & 3)	Phase 3 Execute Strategy (Months 4-6)
<ul style="list-style-type: none"> • Obtaining control and understanding the nature of assets. • Meeting with Directors and key stakeholders. • Obtaining access to company records and IT systems in Australia and the U.S. • Secure cash and assets. • Understanding the nature of the sale process undertaken by KLR. • Understand funding requirements for the Administration. 	<ul style="list-style-type: none"> • Engagement with engineers and consultants to understand well and land value in the current market including FTI owned engineering specialist Platt-Sparks. • Continued engagement with key service suppliers to ensure that we have all available information. • Immediate funding required to enable well maintenance to be undertaken. • Understanding impact of NPI Royalty with Macquarie Bank noting associated consent requirements and “drag and tag” rights. • Pursue Directors in respect of movement of funds out of AEC prior to our appointment as VA of AEL. • Consider strategic options based on information obtained through phase 2 process. • Consider all options including recapitalization and/ or debt for equity. • Communicate options to key stakeholders and seek feedback in relation to strategy and long term funding options. 	<ul style="list-style-type: none"> • Option to re-engage with lease holders to resume previously leased acreage recently lost if viable. • Understand longer term funding requirements based on the following considerations: <ul style="list-style-type: none"> • Strategic objectives and realization plan; • Availability and source of third party funding; and • Estimated length of time to complete a transaction. • “Dual Track” approach to realizing value. • Potential sale of AEL ASX listed shell. • Execute sale and / or recapitalization plan. • Contingency strategies – Revert to Liquidation. • Second Meeting of Creditors <ul style="list-style-type: none"> • DOCA Proposal and Process; or • Liquidation of AEL.

5. Value and Realisation of Assets

5.1 Introduction

The assets of AEC have been subject to intense speculation in respect of value and perception of the value of the acreage has been influenced by a number of factors including the following:

- Announcement of Wade Energy transaction September 2015 by the Company; and
- Recent transactions which have occurred in the Permian Basin.

Key information in relation to the value of the oil and gas properties of the Group is contained in the financial statements of the Group and is discussed in the following sections.

The Administrators have also formed their own view of the value of the oil and gas properties and have engaged numerous experts to assist in this process.

The Administrators are of the view that primarily as a result of announcements by management of the Company regarding the potential USD250 million sale of the Northern Star and Big Star acreages to Wade Energy in late 2015, perceptions of the realizable assets of the Group have been largely distorted and are not commensurate with the interest generated and feedback from the various sale processes run by the Administrators in Australia and the U.S.

The outcomes of the various sale processes undertaken by the Administrators accord with AEL's reporting of the realizable value of the acreage in its audited financial statements which is discussed further below.

In addition, the Administrators also note that significant value has been attributed to recent 2016 asset sales transactions in the Permian Basin; however, our multi-sourced expert reports and feedback from our marketing efforts highlights the fact that the Antares projects do not share the geological advantages of those more valuable asset transactions.

5.2 Company view on Value of AEC Assets

5.2.1 Introduction

The Company's consolidated audited accounts and management accounts have previously stated asset values for oil and gas properties and other assets including the rationale for write downs in their value. Information obtained from the financial statements of the Company is discussed in further detail in the following sections.

5.2.2 Oil and gas property impairment – 2014 Annual Report

The Group recorded substantial impairments and write-downs on the oil and gas assets that it currently owns. Key information from the 2014 Annual Report includes:

- Note 13 to the 2014 Annual Report financial statements details a combined AUD20.2m impairment on the Northern Star and Big Star projects, reducing the carrying value of the assets to AUD3.7m at 31 December 2014. The impairment was attributed to the significant decline in crude oil prices.
- This decrease is corroborated with the downward revision of 6.7 MMBoe in proved reserves as per the Item 7 of the Directors' Report "Comparison with 2013 Annual Report."
- Separately, Financial Statement Note 14 provides detail on an additional combined AUD44.1 million in impairment charges on the Northern Star and Big Star exploration assets' carrying value. This is associated with a downward revision of 47 MMBoe in probable and possible reserves as per the Financial Statement Directors' Report Item 7's "Comparison with 2013 Annual Report."

The notes to the financial statements of the Company (Audited Annual Report 2014 p36) provide the following commentary in relation to the write down in value of the acreage owned by AEC:

"In 2013, the Permian Assets held for sale had their impairment costs written back to reflect the relationship between their carrying value (\$160 million) and their sale value (\$300 million). Oil and gas

properties consist of the Northern Star and Big Star projects. In 2014, an estimate of reserves was prepared by LaRoche Petroleum Consultants Ltd. Cash flows and NPV's were prepared by the Company.

The impairment loss represents the write-down of these properties in the USA to their recoverable amount. This resulted in an impairment of \$20.223m against the projects. This has been recognized through profit or loss in the line item "Impairment". The recoverable amount was based on value in use and was determined at the cash-generating unit level. In determining value in use for the cash-generating unit, the cash flows were discounted at a rate of 10% on a pre-tax basis."

The recoverable amount of the Big Star and Northern Star assets at a range of balance dates was AUD3.7m.

Table 10 provides details of the recoverable amount of the acreage at a number of balance dates:

Table 10: Oil and Gas Properties per Consolidated balance sheet USD'000

Asset	31 Dec 2015 Mgmt Accounts	30 June 2015 Half Year*	31 Dec 2014 Annual Report
Big Star acreage	3,482		3,482
Northern Star acreage	218		218
Total	3,700	3,666	3,700

*Half year financial report did not detail value by acreage

The Administrators note that significant value has been attributed to recent 2016 asset sales transactions in the Permian Basin; however, our multi-sourced expert reports and feedback from our marketing efforts highlights the fact that the Antares projects do not share the geological advantages of those more valuable asset transactions.

5.3 Pre-appointment Asset Sale Process - KLR

Prior to the appointment of the Administrators, the Group engaged KLR Group ("KLR") of Houston to conduct a sale process for the assets of AEC.

KLR describes itself as a full-service, boutique investment bank focused on the energy industry, providing public and private corporate and asset-level equity and debt financings, corporate M&A and asset A&D advisory services, equity research, asset management and merchant banking services.

KLR was engaged by the Company on 17 December 2015 to market the Big Star assets in conjunction with two other firms that owned land in southeast Dawson County. The three parties' combined acreage was marketed as "Tres Amigos".

KLR identified over 240 prospective purchasers in its engagement letter.

In March 2016, the Company executed a separate engagement with KLR for the sale of the Northern Star and the Big Star acreage (exclusive of other lands) under similar terms. KLR have advised that the acreage received very little interest with fewer than 5% of the more than 200 prospective purchasers who were approached expressing an interest in meeting to discuss the assets.

KLR further indicated that they had received a poor response to the marketing of the acreage due to the perceived exploratory nature of the assets, their position on the periphery of the Permian Basin, and the fact that many prospective buyers were also impacted adversely by the collapse in crude prices.

5.4 Wade Energy Transaction

On 7 September 2015, the Company announced that it had entered into two sale agreements with a private equity purchaser, Wade Energy Corporation ("Wade Energy"), for the sale of its Northern Star project for USD 148,788,560 and Big Star project for USD 105,069,420.

Settlement did not occur by the completion date of 30 November 2015. Consequently, the Group through James Cruickshank sought to negotiate closing with Wade Energy whilst also seeking a five month deferral of the reset or redemption date of the Convertible Notes so as to be able to close the pending transaction. Following a noteholder meeting on 30 October 2015, the noteholders resolved to defer the reset or redemption date to 31 March 2016 to allow the Company sufficient time to progress the sale to Wade Energy.

The sale did not complete by the deferred date and a further deferral was rejected by the noteholders creating uncertainty about the ability of the Company's to continue as a going concern. The failure to complete the Wade Energy transaction was a major catalyst for the decision of the Directors to place the Company into Voluntary Administration on 28 April 2016.

Further discussion in relation to the Wade Energy transaction is detailed in Section 8 of the report.

This information is relevant in the context of the realization of the assets of AEC, as it is evident that the details of the purported offer by Wade Energy may have unduly influenced market perceptions of the value of the AEC assets.

5.5 Experts' Opinion on Realisable Value of Assets

The Administrators have formed views on asset value based on advice from third party experts. In addition the Administrators have also considered current market conditions and have sought to view the oil and gas assets of the Group from a number of perspectives including:

- Geological;
- Engineering – reserve;
- Land value; and
- Results of pre-appointment sale process.

Table 11 below is a summary of the specialist evaluations of the assets that have been obtained by the Administrators.

It should be noted that the Administrators have been constrained in the scope and extent to which specialists have been engaged due to a general lack of available funds.

Table 11: Specialist Evaluations of the Assets

	Type of Evaluation	Scope	Prepared by
1.	Geological	Geologic evaluation of the prospectivity of the Antares Big Star and North Star projects	Todd Reynolds Geologist/Geophysicist For FTI Platt Sparks
2.	Reserve	Reserve Report for the Antares Big Star and North Star wells	Richard Zuniga Registered Professional Engineer/Petroleum Engineer for FTI Platt Sparks
3.	Reserve	Engineering assessment (qualitative) of the future drilling potential in Southern Dawson County.	Stephen McClaine Registered Professional Engineer/Petroleum Engineer for Hickman McClaine & Associates, Inc
4.	Reserve - Land	Land valuation for the area	Ray McKim Certified Professional Landman
5.	Feedback from KLR sale process	View on the market based on the "no bid" outcome of the KLR sale process undertaken in 2015.	KLR

Given the above, the Administrators consider the Group's projects as high risk and exploratory in nature. Despite the development of certain oil and gas tenements and the existence of operating wells, the projects have not been considered to be de-risked. This risk has been magnified in the context of the collapse in crude oil prices which has resulted in a severe deterioration in the value of much of the exploratory acreage in the US.

As detailed in the previous section, the sale process run by investment bank, KLR, since December 2015 has generated little interest in the assets, albeit the process has run during one of the worst downturns in crude oil markets in 30 years.

The Administrators note that the advice provided in the abovementioned expert reports is commercially sensitive and will not be included in the Report due to ongoing commercial negotiations in respect of the sale of assets.

5.6 Ongoing U.S. Sale Process

5.6.1 KLR Process

The KLR engagement was continued by the Administrators with KLR continuing to market the assets during the Administration period. Key reasons for the Administrators continuing with the engagement of KLR to continue the sale process include:

- KLR were retained on a success fee only basis – no outlay of funds required except KLR expenses;
- Engaging other sales advisors would likely have involved paying a retainer. The Administrators do not have funds available to pay a retainer;
- The pre appointment agreement with KLR was not able to be terminated without triggering a 12 month tail period, therefore it was more beneficial for KLR to continue to market the assets during the Administration rather than being inactive during the tail period; and
- KLR have undertaken some significant transactions in 2016 include serving in co-manager roles for equity offerings for two of the most successful and highly publicised Permian Basin operators, Diamondback Energy and Parsley Energy.

As at the date of this report, KLR have not been able to complete a sale of the assets of AEC.

5.6.2 Riviera Ensley Process

In addition to continuing the U.S. sale process with KLR, the Administrators engaged REA to locate parties interested in providing capital to the Tres Amigos project via a structured financing mechanism on a success-fee basis. REA were appointed by the Administrators for the following reasons:

- REA have facilitated the acquisition and divestiture over USD1.5bn of oil and gas properties over the past two decades. REA also has a strong finance background and a solid working knowledge of the oil and gas industry, and
- REA hold specialist knowledge particularly in relation to the Permian Basin, has resulted in an extensive qualified buyers network.

REA notified all parties in its database of investors with approximately 20 parties enquiring about the opportunity and 16 parties entering a VDR to access information in respect of the assets. Following this three parties requested additional information.

REA's efforts ultimately resulted in serious discussions with a privately owned Dallas based oil and gas drilling and development company called King Operating.

King Operating proposed a drill-to-earn investment which included the following terms:

1. King Operating would make an upfront payment of USD2m to the Tres Amigos parties (with AEC to receive a one third share of the payment);
2. Undertake to drill three horizontal wells on the project acreage at no cost to Tres Amigos;
3. Make a determination as to whether it would exercise an option to buy all acreage for approximately \$2m and 10% of future net cash flow from the acreage.

Discussions with King Operating were pursued seriously by the Administrators, however they have stalled, as the King Operating geologist is not yet convinced of the Spraberry potential on the Tres Amigos acreage.

REA has not received any other offers for the Tres Amigos acreage, and REA indicated that it believed the level of interest in the project acreage was significantly reduced compared to interest in other projects due to prior marketing efforts and the short lease terms remaining for the acreage.

5.7 Australian Expressions of Interest (“EOI”) Process

On 30 August 2016, the Administrators commenced an EOI process for the sale of the assets of AEC or recapitalization of AEL. Key details of the process include:

- An advertisement was placed in the Australian Financial Review inviting EOI’s and appeared on 30 August 2016.
- 231 ASX listed energy companies were identified with 27 of these parties being directly approached to canvass interest in the opportunity. Key considerations for this direct approach included reported financial capacity as well as the nature of operations. Less than 10 parties explored the opportunity further.
- 14 confidentiality deed polls were received allowing interested parties access to the VDR.

A summary of the EOI’s received is summarised in Table 12 below:

Table 12: EOI’s received by Type

	Type of EOI Received	No.
1.	Recapitalisation of AEL	2
2.	Share Purchase AEC	1
3.	Purchase ASX Listed Entity only	2
4.	Purchase of Assets of AEC	1
	Total No. EOI’s	6

EOI’s received mainly consist of opportunistic proposals to restructure the ASX listed entity which are heavily dilutive to creditors and shareholders and do not provide enough cash to progress development or fund ongoing operations. Any workable option would require an injection of funds to keep acreage current and fund the operational aspects of the AEC assets (i.e. stop lease expiry, pay costs, preserve assets, litigation, and continue development to sure up the ground).

A high level summary of the EOI's received is detailed in Table 13 below:

Table 13: Summary of EOI's initially received following Australian EOI Process

No.	Type of Proposal	Proposal details	FTI's comments
1	Recapitalisation	<p>Commercial terms</p> <ul style="list-style-type: none"> \$1,876,875 recapitalization. \$1,000,000 paid in cash up front. (\$500,000 towards the creditors and \$500,000 for 51% stake in subsidiary company AEC). The Company Management will conduct due diligence over the assets over a period of 6 months before ascertaining whether it is prudent to invest more in these assets. It is proposed that the top 10 noteholders will be entitled to an equity stake in AEC, noteholders owed greater than \$10k will get an equity stake in AEL and noteholders owned less than \$10k and other creditors will be entitled to cash payouts. 	<ul style="list-style-type: none"> Most attractive offer received as it places the assets in the hands of an experienced operator who can offer continuity of operations through financial and technical resources. Has identified and put forward the detailed credentials of operators for the business going forward. These operators have been involved in conducting due diligence of the opportunity. Does not provide enough for AEC assets, which could be sold for more separately.
2	Recapitalization	<p>Commercial terms</p> <ul style="list-style-type: none"> Rights and placement in order of \$4m to recapitalize the Company. Three (3) fully paid shares to be issued for each convertible note. Trade creditors, if any, to be converted to equity. Payment of \$300k to the creditors trust to satisfy legal, administrator's fees etc. Other conditions: <ul style="list-style-type: none"> Participation of previous Management (James Cruickshank and Greg Shoemaker) indicated. 	<ul style="list-style-type: none"> Dilutive for the noteholders pre-raising of capital. Participation of previous Management as the operational team an onerous condition to accept and not likely to be palatable to noteholders, creditors and shareholders. Cash component not sufficient to cover VA fees and costs.
3	Proposal to buy AEC	<ul style="list-style-type: none"> \$2m in cash & scrip for AEC. Offer subject to further Due Diligence 	<ul style="list-style-type: none"> Low offer - combination of cash and scrip.
4	Proposal to buy the assets of AEC	<ul style="list-style-type: none"> \$300k for assets in AEC. 	<ul style="list-style-type: none"> Low offer – does not cover VA fees and costs.
5	Proposal for ASX listed entity	<ul style="list-style-type: none"> \$400k 	<ul style="list-style-type: none"> Could be considered, if we had an acceptable offer for the AEC assets.
6	Proposal for ASX listed entity	<ul style="list-style-type: none"> \$500k 	<ul style="list-style-type: none"> Could be considered, if we had an acceptable offer for the AEC assets

5.8 Outcomes of Dual Track Approach

The Administrators make the following comments in relation to the Dual Track Approach:

- Numerous EOIs have been received through the processes run however there were not been any substantial bids to purchase the assets of AEC or recapitalize AEL.
- EOI's received have been opportunistic proposals to restructure the ASX-listed shell which are heavily dilutive to creditors and shareholders and do not provide enough cash to progress development of acreage.

- Funds are required to keep acreage current (i.e. prevent lease expiry, pay costs, preserve assets, litigation, and continue development to sure up the ground).
- As discussed in the Report, the Administrators do not have sufficient funds to continue to hold the acreage.
- As further funding has been unavailable through investment or sale of assets, oil and gas assets will need to be monetised to pay professional costs to date estimated to be c\$1m (FTI Aus, FTI U.S., Legal fees).

This approach would be consistent with pursuing “Option 1” in the options previously stated. We anticipate that this may be able to be achieved in addition to executing a DOCA to recapitalise and re-list AEL.

This alternative approach is detailed in the next section.

5.9 AEC – Oil and Gas asset divestment

As part of the Dual Track Process detailed in the previous sections, the Administrators have also received a number of expressions of interest in the U.S. for the purchase of the Oil and Gas Properties. There are three components to the interest received which would result in the divestment of the Oil and Gas assets.

5.9.1 Sale of Raw Lands

The Administrators have negotiated the sale of 7000 acres of the Northern Star acreage at a sale price of USD150 per acre to a credible industry party resulting in a total sale price of USD 1.05m. The sale is expected to close in the 1st week of December 2016. The identity of the purchaser will be kept confidential as the sale has not been finalized.

We are currently working on the settlement of an amendment of Macquarie’s 10% Net Profits Interest (“NPI”) in the Northern Star project. This position needs to be settled before completion of the sale. The sale proceeds may be subject to KLR and Macquarie NPI deductions.

5.9.2 Sale of Northern Star Wellbores

There are currently two parties interested in purchasing the Northern Star Wellbores. The identities of the interested parties will be kept confidential as a sale has not been finalized.

Both interested parties have expressed an interest in purchasing the seven wellbores on the Northern Star project in order to obtain the land surrounding the wells. We are attempting to include the remaining marginal wells at Northern Star with the Cozart 1-19 in order to avoid plugging and abandonment liabilities. These liabilities are estimated at USD15k to USD50k per well.

We have been notified recently that four of the wellbores in the field are subject to a liability owed to a supplier totaling c. USD 650k relating to the remaining cost of the construction of natural gas gathering lines to the wells when they were originally drilled. This liability will be required to be dealt with prior to finalizing a sale of the wellbores.

Another alternative to the above is to utilize the Oil and Gas Clearinghouse (“OGC”) auction process. The next auction is scheduled for December 7, 2016; however, the abovementioned gas gathering liability issue will need to be resolved prior to this to auction the assets on this date. The next auction after December 2016 is scheduled for early February 2017. This option is available if the interested parties detailed above do not purchase the Wellbores.

In addition to the interests in the Northern Star and Big Star projects, AEC also has interest in two other Texas projects that are expected to result in negligible sales proceeds.

It should be noted that a sale of any of the Antares Northern Star and Big Star assets may be subject to:

1. A 3% fee to KLR (depending on the identity of the purchaser);
2. The payment to Macquarie of a NPI on proceeds from asset sales;
3. Satisfaction of gas gathering line liability;
4. Well P&A liabilities; and

5. The payment of outstanding invoices from the currently available cash balance.

5.10 Administrators Comments on the Value of Assets

The Administrators make the following comments in relation to the value of the Group's assets:

1. All feedback received by the Administrators is that the Big Star and Northern Star assets are presently considered to be outside of the sweet spot for the resource play developments noted in recent Permian Basin acquisitions.
2. The Antares acreage has not been proved up geologically, as evidenced by the following:
 - The geological overview provided by the 3rd party Platt Sparks geological assessment.
 - A recent credible buyer of Big Star, King Operating, has backed away from a JV for geological reasons.
 - Antares drilled 12 vertical wells with only one exhibiting favorable results (Cozart 1-19). As a result, the acreage is still classified as exploratory.
 - Questions remaining as to why Antares did not drill a single horizontal well, which is the traditional method of exploiting a resource play.
 - Greg Shoemaker has advised Paul Jordan of FTI Consulting that at the time of the appointment of the Administrators he was uncertain as to where AEC should drill next in either of the projects.
3. As detailed in further detail in Section 5.6 and 5.7 of this Report, the market has been tested in several ways, as follows:
 - KLR's ongoing efforts.
 - REA's alternative approach to selling the assets.
 - Other interest in the purchase of acreage has been minimal.
 - Mr. Cruickshank's prior efforts to sell Northern Star and Big Star were unsuccessful.

In this regard it is likely that Mr. Cruickshank was interested in selling Big Star and Northern Star when he sold Southern Star, but was forced to retain the lesser projects.

Overall the Antares acreage is still considered high risk. As such, a prospective owner will have to continue to invest in drilling to prove up the projects.

As a result, the Antares acreage is not competitive with more developed acreage in the Permian Basin. The market for assets in the Permian, which the Administrators note is a very large basin, appears to be binary in nature (high price or no activity at all).

5.11 Conclusion & Way Forward

The Administrators intend to realize the assets of the Group by a combination of the processes detailed in section 5.9. as follows:

- (a) Sale of Northern Star Acreage
- (b) Sale of Northern Star Wellbores
- (c) Recapitalization of AEL via a DOCA (which includes the Big Star acreage)

The lack of funds available to retain acreage or undertake further development has meant that the Administrators are now required to extract themselves from their position and use funds generated from the sale of oil and gas assets to pay costs of the Administration. Further discussion on the recapitalization and DOCA process occurs in later sections including the Administrators' estimated return to creditors.

6. Company Background

6.1 Introduction

This section is intended to provide Creditors with a general understanding of the business activities of the Company and the events leading to the Administration of the Company. This section is not intended to be a comprehensive account of the Company's dealings since incorporation and not all events material to the claims of all Creditors are included.

6.2 Key Statutory Information

All companies incorporated or registered in Australia have a statutory obligation to provide certain information to ASIC. The relevant information held by ASIC with respect to the Company is summarised in Table 14 to Table 16. A complete list including former directors and secretaries of the Company appear as Schedule 3.

Table 14: Incorporation of AEL and Offices

Item	Detail
Incorporation/Registration Date	23/04/1987
Registered Office	'C / Wembley Corporate Services' 63 Hay Street Subiaco WA 6008
Principal Place of Business	'C / Wembley Corporate Services' 63 Hay Street Subiaco WA 6008

Source: ASIC company search

6.3 Directors and Officers on Appointment

Officers of AEL are detailed in Table 15.

Table 15: Current Directors and Secretaries of AEL

Name	Position	Appointed	Ceased
Gregory David Shoemaker	Director	16 Oct 2009	
Mark Gerard Clohessy	Director	16 Oct 2009	11 May 2016*
James Andrew Cruickshank	Director	8 Oct 2004	
Vicky Ann McAppion	Director	16 Oct 2009	
Graeme Ian Smith	Secretary	24 Jun 2013	

*ASIC records indicate that Mark Clohessy resigned as a non-executive director of the Company on 11 May 2016. This was after the appointment of the Former Administrators and Administrators.

A summary of the Officers of all Group entities (including their business role) is shown in Table 16:

Table 16: Directors and Officers at the date of appointment of Administrators to AEL		
Group Company	Individual	Position
Antares Energy Limited	James Cruickshank	Managing Director / Chairman / Chief Executive Officer
	Gregory Shoemaker	Director / Chief Scientist
	Vicky McAppion	Director / Finance and Administration Manager
	Mark Clohessy	Non-Executive Director
	Graeme Smith	Company Secretary
Santa Energy Pty Ltd	James Cruickshank	Director
	Vicky McAppion	Director
	Graeme Smith	Company Secretary
Antares Energy Company	James Cruickshank	President

Further statutory information regarding the other directorships, former directors and secretaries is attached as Schedule 4.

6.4 History of the Company

The Company is an Australian ASX listed oil and gas producer focused on upstream projects in the Permian Basin, West Texas, US. On 26 November 2004, the Company changed its name from Amity Oil Limited to Antares Energy Limited.

The Company changed its historical focus from projects in Turkey to projects in the US. Accordingly, in 2005 the Company sold 100% of its share capital in its wholly owned subsidiary, Amity Oil International Pty Ltd which held a 50% interest in a joint venture in Turkey.

In 2011 the Company invested in three Permian Basin, Texas, projects.

- Southern Star;
- Northern Star; and
- Big Star.

The abovementioned projects involved obtaining acreage leases from land owners to explore the oil and gas tenements.

Southern Star was developed first and subsequently sold in October 2014. Further information relating to this sale is provided in Section 9.3.

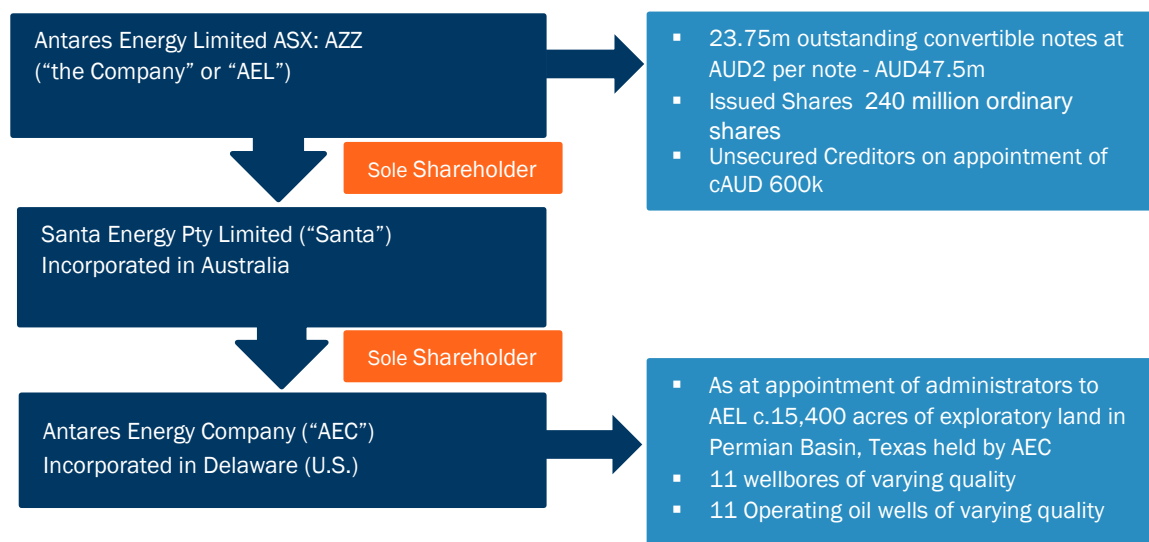
The Company is the sole shareholder of Santa, an Australian private entity, which is the sole shareholder of AEC. The group structure is provided in the section below.

6.5 Group Structure

The Company is the sole shareholder of Santa, an Australian private company, which is the sole shareholder of AEC.

A summary of the Group is detailed below:

Chart 3: Group Structure



6.6 Related Entities

The Company is the sole shareholder of Santa, an Australian private entity. Following their appointment, the Administrators were also appointed directors of Santa, the sole shareholder of AEC, replacing the previous directors. Mr Conly and Mr Olde of FTI Consulting were appointed directors of AEC, which is a wholly owned subsidiary of Santa.

Preliminary investigations have identified the two primary debtors of the Company being receivables for related party loans. For ease of analysis, the Administrators have divided the loan account transactions into the following:

1. Intercompany loan accounts; and
2. Other related party loan accounts.

Intercompany loan accounts are loan accounts maintained within the Company whereas other related party loan accounts are accounts maintained with related entities and persons external to the Group, including the Directors.

6.6.1 Intercompany Loan Accounts

A review of the Company's books and records identify related party loans from AEL to Santa and AEC.

Company loan to Santa

The records of the AEL detail an AUD 49.6m loan that was made from AEL to Santa which was then loaned to AEC. The Administrators understand that these funds were loaned interest free.

Company loan to AEC

The Administrators have reviewed the intercompany loan account with AEC which provides the cumulative loan balance for 15 April 2016 at USD 65.9m and the cumulative interest charge at USD 6.1m.

The interest rates used for the loan amount to AEC are considered commercial by the Administrators and sample rates from the records of AEC are as follows:

Table 17: Interest Rate charged in loan from AEL to AEC

Date	Prime	Mark up	Total
29-Jun-07	8.25%	5.27%	13.52%
11-Dec-07	7.25%	5.27%	12.52%
30-Jan-08	6.00%	5.27%	11.27%
30-Apr-08	5.00%	5.27%	10.27%
29-Oct-08	4.00%	5.27%	9.27%
16-Dec-08	3.25%	5.27%	8.52%
17-Dec-15	3.50%	5.27%	8.77%

Source: AEC records - intercompany loan account balances

A summary table of intercompany loan account balances from the interest charge on intercompany loan document from AEC appears as below:

Table 18: Interest charge on inter-company loan from AEL to AEC

Date	Interest rate	Daily interest (USD)	Cumulative interest charge (USD)	Cumulative loan balance (USD)
1-Jul-07	13.52%	9,573.3	9,573.3	25,844,969.8
1-Jul-15	8.52%	14,982.2	4,199,287.0	64,184,304.8
1-Oct-15	8.52%	15,303.9	5,577,971.1	65,562,667.1
1-Jan-16	8.77%	15,821.9	5,865,363.4	65,849,541.4
15-Apr-16	8.77%	15,835.8	6,144,905.1	65,907,367.7

Source: AEC records - intercompany loan account balances

The latest AEC intercompany loan statements in the Company records provides that there is an outstanding loan balance of USD 65.9m and cumulative interest of USD 6.14m. The terms of the intercompany loan was amended by the Administrators on 18 May 2016 to be repayable if funds are available (through sale or otherwise), if AEC is placed into any form of insolvency or Mr. Olde and Mr. Conly are no longer directors of AEC.

Table 19: Related Party Loans Balances owed to AEL at appointment

Entity	Amount AUD
Santa Energy Pty Ltd	49,603,202.1
Antares Energy Company	86,486,890.8
Total	136,090,092.9

Source: Directors RATA

The Administrators make the following observations in relation to AEC's inter-company loan account:

- Although quarterly interest payments were made to noteholders until the March QTR'16, the cumulative interest charge owed from AEC to the Company increased almost USD 2m between July 2015 and April 2016;

- The repayment of the cumulative loan balance and interest is reliant on the sale of AEC. Please refer to Section 15 regarding the likelihood of a return;
- The loan amount was used to:
 - Fund the operating losses of the AEC;
 - Pay statutory liabilities including GST, PAYG and payroll tax liabilities; and
 - Payments of trading liabilities between entities, including payment of liabilities for one entity from the cashflow of another.

6.6.2 Other Related Party Loan Accounts

From the 2014 Annual Report, an interest free loan was provided to James Cruickshank during the year ended 31 December 2010 in the amount of USD 600k. Mr Cruickshank received a benefit for the interest free loan that was disclosed in the Company's reports. For transparency, the benefit received was AUD 23.8k for the 2014 year which consisted of interest on the loan balance.

Mr Cruickshank subsequently repaid the loan on 25 January 2016 and no other related party loan has been identified in the Company's records.

6.7 Material Events In the History of the Company and Group

Table 20: Material Events

Dates	Events
26 November 2004	Change of company name from Amity Oil Limited, trading under ASX code AYO, to Antares Energy Limited, trading under ASX code AZZ
1 July 2008	James Cruickshank appointed CEO of the Company
15 December 2010	Sale of projects to Chesapeake Energy for USD 200m, netting USD 156m and creating a NPAT in excess of AUD 75m. Further USD 10m sale of non-core interest to BHP Billiton
28 April 2011	Announcement made for acquisition of Southern Star acreage acquired from Clear Water Inc. for USD 62m
26 June 2013	Announcement following Letter of Intent that was executed with an undisclosed buyer to sell the Company's Permian assets for USD 300m
26 August 2013	Receipt of Sale and Purchase Agreements for sale of Permian assets
19 December 2013	Notice of General Meeting to approve sale of assets of company and update that closing date has been revised to 28 February 2014
5 February 2014	In an announcement titled "Strategic Update", the Directors advised that Antares had withdrawn from the sale process. The Directors advised that they were of the view that the Northern Star results were both sustainable and repeatable and that the highest possible returns can be achieved for shareholders through the development of its Permian Assets rather than the proposed sale. Consequently, they advised the market that Antares had withdrawn from the sales process
24 October 2014	Company signed a Sale and Purchase Agreement for the sale of Southern Star to Breitburn for USD 50m cash and 4.3m Breitburn Common Units (total cUSD124.3m)
7 September 2015	The Company announced that it had entered into two sale agreements with a private equity purchaser for the sale of its Northern Star asset for USD 148,788,560 and Big Star asset for USD 105,069,420

11 September 2015	The Company's securities were placed in a trading halt to allow the Company to consider its response to requests for information relating to the Sale Agreements from the ASX
15 September 2015	Dispute between the ASX and the Company regarding the disclosure of the purchaser resulted in the ASX suspending the Company's securities from quotation. The securities remain in a trading halt
30 October 2015	Noteholders approved an extension of the reset date for the Notes to 31 March 2016 to allow the Company sufficient time to progress the sale of its Northern Star and Big Star projects
4 March 2016	Directors' notice of meeting of all noteholders to extend repayment date to 31 March 2017
10 March 2016	ASX issues query to Mr Graeme Smith as the Company Secretary regarding the Note Repayment Extension and the Delayed Assets Sale
21 March 2016	General Meeting held by the Trustee for the Noteholders resolving to appoint an Independent Investigator to conduct an independent business review of the processes undertaken in relation to the sale (or attempted sale), the cash flow forecasts and conditions to completion of any sale
31 March 2016	Noteholder provided redemption notices totalling AUD 24.6m, which was greater than cash reserves. The Trustee notes that non-payment of this amount constitutes an event of default pursuant to the Note Trust Deed. The meeting was adjourned to 29 April 2016.
28 April 2016	Directors convene and hold directors meeting and resolve to place the Company into Voluntary Administrators and appoint Bryan Kevin Hughes and Daniel Johannes Bredenkamp of Pitcher Partners as Joint and Several Administrators
10 May 2016	Creditors resolve to replace the Former Administrators and appoint Quentin James Olde and Michael Joseph Ryan at the First Meeting of Creditors

6.8 Reasons for the Failure of the Company

6.8.1 Explanation of the Directors

The Directors have not provided an explanation for the failure of the Company in the form requested by the Administrators (i.e. FTI Consulting questionnaire form to be prepared by Directors and Officers).

In discussions with the Directors, a number of reasons were provided including that the Company was not able to repay redemptions from note holders due to flow on effects from the fall in oil prices.

6.8.2 Explanation of the Administrators

The Administrators consider that a number of factors may have caused or contributed towards the failure of the Company. Those factors include:

- Trading losses;
- Inadequate cash inflows to meet current liabilities, particularly the maturity and interest payments of convertible notes;
- Value of Breitburn shares received as consideration for sale of Southern Star project collapsed as Breitburn moved towards Ch 11 Bankruptcy protection.
- Inability to complete the sale of the Northern Star and Big Star operations as announced;
- Quality of assets being exploratory which have not been attractive in the current market;
- Loss of support from noteholders; and

- A downturn in the general economic condition of the oil and gas industry globally thereby preventing interest in asset sales and funding support for development of exploratory acreage.

6.8.3 Key Event - Sale of Southern Star

Southern Star was acquired by the Company in April 2011 from Clear Water Inc. for USD 62m and was developed and operated until it was sold in 2014.

On 24 October 2014, the Company signed a Sale and Purchase Agreement (“SPA”) for the sale of Southern Star to Breitburn Energy Partners (“Breitburn”). The acreage sold contained 49 producing wells over 3.7k net acres. The consideration at the time of the sale of Southern Star was:

- Cash receipt of USD 50m; and
- Receipt of 4.3m Breitburn Common Units (USD 74.3m).

Consequently, the total consideration for the sale of Southern Star amounted to ~ USD 124.3m.

The distribution from the Breitburn Common Units was initially estimated at AUD 10m per year. However, Breitburn’s performance fell and share price on the Nasdaq closed substantially in the week following the sale.

From the 2014 annual report, the funds received from the sale of Southern Star were utilised in the 2014 year that included:

- Fund cash deficiency from operating activities of AUD 2m;
- Exploration, evaluation and development expenses of AUD 24.9m;
- Repayment of outstanding debt owed to the Macquarie Americas Corp (“Macquarie”) and to acquire certain net profits overriding royalty interests held by Macquarie. The Company’s financials provide that the loan balance at the start of the 2014 year was AUD 36.4m. A review of the Company’s trial balance shows the balance of the loan facility was AUD 26.1m at 30 June 2014 which was subsequently reduced to nil by the end of 2014;
- During 2014, the Company issued additional convertible notes totaling AUD 29.5m. However, AEL also made payments for share buy-backs (AUD 4.4m) and convertible note buy-back (AUD 7.5m).

The net cash held at the end of the 2014 year was AUD 9.9m that is reflected in the balance sheet.

6.8.1 Key Event - Depletion of Breitburn Shares

The value of the Breitburn shares owned by the Company upon the sale of Southern Star totaled AUD 101m.

The Company’s financial statements impaired the shares by AUD 53.6m at 31 Dec 2014 and a further AUD 12.5m at 30 June 2015 to reflect their fair value based on the current quoted market price.

The Breitburn shares were eventually sold by James Cruickshank for a total of USD 1.9m as follows:

Table 21: Sale of Breitburn Shares	
Date of sale	Amount (USD)
4 Feb 2016	409,144
9 Feb 2016	105,000
9 Feb 2016	399,907
19 Apr 2016	101,409
20 Apr 2016	264,994
21 Apr 2016	640,295
Total	1,920,749

The value of the shares deteriorated as Breitburn faced financial difficulty and this diminishing value trend since they were obtained is illustrated below:

Chart 4: Breitburn Historical Share Price 2015 - 2016

6.8.2 Key Event - Announced Sale of Northern Star and Big Star to Wade Energy

On 7 September 2015, the Company announced that it had entered into two sale agreements with a private equity purchaser for the sale of its Northern Star project for USD 148,788,560 and Big Star project for USD 105,069,420.

Settlement did not occur by the completion date of 30 November 2015. Consequently, the Directors sought to negotiate closing with Wade Energy while also seeking to a five month deferral of the reset or redemption date so as to be able to close the pending transaction. Following a noteholder meeting on 30 October 2015, the noteholders resolved to defer the reset or redemption date to 31 March 2016 to allow the Company sufficient time to progress the sale.

The sale did not complete by the deferred date and a further deferral was rejected by the noteholders creating uncertainty about the ability of the Company's to continue as a going concern. The Directors subsequently resolved to place the Company into Voluntary Administration on 28 April 2016.

Additional information relating to the purchaser, Wade Energy, is detailed in Section 8 of this report.

6.8.3 Contributing factors to the appointment of Administrators

The direction and solvency of the Company relied on the sale of the Northern Star and Big Star projects with a scheduled settlement date of 30 November 2015. As detailed above, the sale did not complete and the Directors were successful in deferring the reset date to 31 March 2016.

Subsequently, the Directors made an announcement on 4 March 2016 that the Company had insufficient cash reserves to satisfy the redemption notices received for 11.2m notes with a total redemption value of AUD 23.8m. The Company sought to obtain an extension of the repayment date to 31 March 2017 and obtain a moratorium on the payment of any interest from 31 January 2016 to 30 April 2017. Additionally, the Company sought to increase the conversion rate so that one note is convertible into four fully paid ordinary shares instead of three.

The Company provided in its letter to the ASX dated 22 March 2016 that its ability to continue as a going concern was solely dependent on the holders of the notes and whether they elected to redeem their notes. Should the noteholders elect to redeem their notes, the Company had insufficient cash reserves to fund the redemption of the notes and continue as a going concern. Consequently, the ability to continue as a going concern was dependent on:

- The sale of Northern Star and Big Star prior to the reset or redemption date; or
- The ability of the Company to secure short term financing to satisfy any redemption notices in relation to the notes in advance of one of the sales completing.

Early redemption notices from Noteholders totaling \$24.6m were provided for the noteholders meeting on 31 March 2016. It was advised by the Company that this was above its cash reserves. The Trustee noted that non-payment of this amount constituted an event of default. The noteholder meeting on 31 March 2016 was subsequently adjourned to 29 April 2016.

The Directors resolved to place the Company into Voluntary Administration on 28 April 2016.

6.9 General State of the Oil & Gas Market

A key factor that contributed to the failure of the Company was the significant fall in crude oil prices during the start of 2016. This decline impacted on the financial health of Energy Industry.

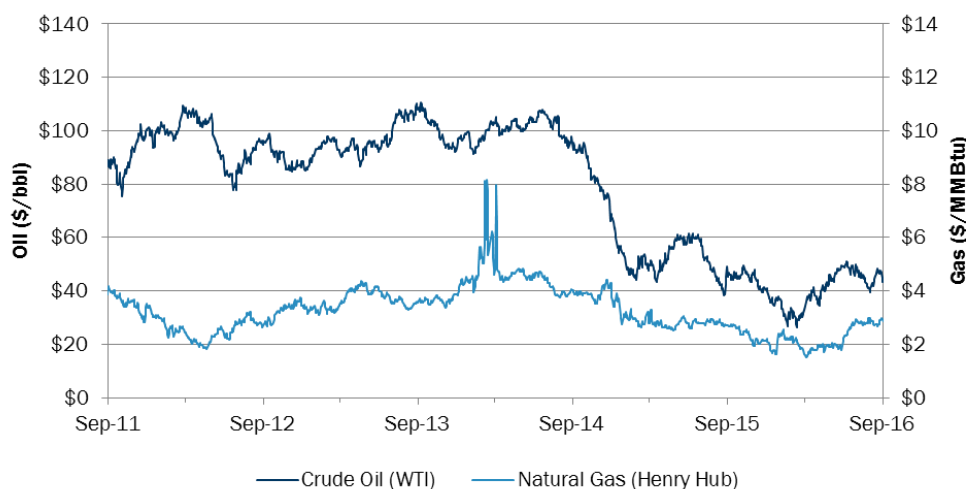
Key trends in the oil and gas industry are discussed briefly and are illustrated in a number of key charts below.

6.9.1 Oil & Gas Price

It has been over a year and a half since OPEC announced it would no longer be the world's swing producer of crude oil. Oil (WTI) prices retreated below \$27 per barrel in early 2016 – near seven year lows, then rallied to c.\$50 per barrel in the second quarter of 2016 before dipping back towards c.\$40 per barrel in the early part of the third quarter of 2016.

- Despite sharply lower prices, the global supply of crude oil and other liquid fuels has increased since the downturn in the second half of 2014. By the end of 2016, the U.S. Energy Information Administration ("EIA") expects the oversupply of petroleum and other liquid fuels to be c.800 thousand bbl/day.
- The EIA attributes recent upward pressure on prices to demand growth, declines in rig count, and growing oil surplus.
- Natural gas prices (HH) declined to a 17-year low in early 2016, then lingered under \$2/MMBtu for much of the first half of 2016, before recovering to around \$3/MMBtu.
- Natural gas prices initially fell along with oil prices, but recovered more quickly than oil over the U.S. summer.
- U.S. natural gas prices averaged \$2.82/MMBtu in August 2016 and \$2.94/MMBtu in September, both significantly above the 2016 low of \$1.49/MMBtu, which represented a 17-year low. In comparison, August 2015 averaged \$2.77/MMBtu.

Chart 5: Price of Oil (WTI) and Natural Gas (Henry Hub)

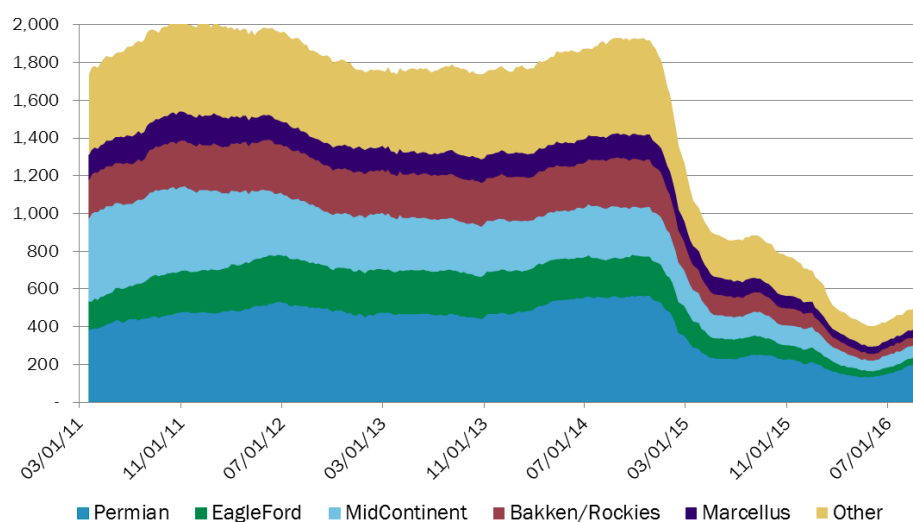


Source: EIA

6.9.2 U.S. drilling rig counts decline to historic lows

- The number of M&A&D transactions in the U.S. has declined significantly since the collapse in crude prices in 2014.
- Total U.S. rig count decreased from 877 at the end of August 2015 to 489 at the end of August 2016.
- During this same time period, oil prices decreased by c5%.
- Rig count in the Eagle Ford and Permian (primary oil producing shale plays) decreased by 118, or c.50% over the period.
 - If oil prices remain in the \$40 - \$50 per barrel range, FTI Consulting expects to see rig count remain at historically low levels.
- Depressed rig counts are negatively impacting the oilfield service companies who are already being pressured by E&P companies to reduce the cost of their services.

Chart 6: Total U.S. Rig Count by Basin

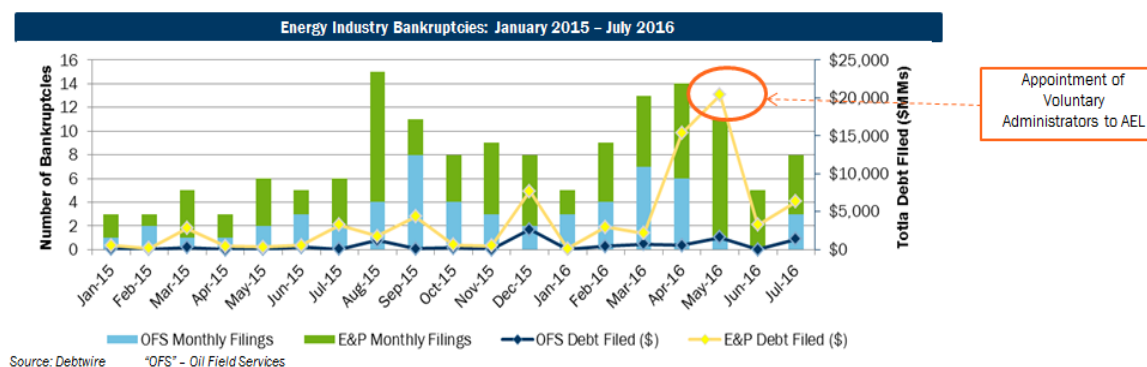


Source: Thomson Reuters, EIA, iea.org, Bloomberg

6.9.3 Bankruptcy in the Energy Sector

- August 2016 marked the 150th bankruptcy filing in the energy sector since January 2015. Some 90 bankruptcies in the E&P space represent approximately \$63 billion in total debt filed.

Chart 7: US Energy Industry Bankruptcies



Source: Debtwire
OFS - Oil Field Services

7. Financial Records of the Company

7.1 Introduction

During the course of the Administration, the Administrators largely received cooperation from the Former Administrators and the directors in relation to the provision of financial information of the Company.

From the information received, the latest audited financial statements were prepared for the Group for the half year ended 30 June 2015.

For the half and full year accounts to 31 December 2015, there were multiple versions of management accounts prepared.

Whilst the books and records provided are not complete, they are sufficient to form an opinion on the current and historical operations of the Company.

7.2 Financial Records Provided to the Administrators

The following records have been provided to the Administrators by the officers of the Group:

- Financial records including management accounts for the period to 31 December 2015;
- Consolidated management accounts to 31 December 2015;
- Trial balances for 6 month periods to 31 December 2015;
- General ledgers for April 2015 to March 2016;
- Various documents including bank statements, accounts payable records and tax invoices; and
- Electronic accounting files.

7.3 Directors' Reports as to Affairs ("RATA")

Following their appointment, the Administrators requested RATA from the Directors for the Company. Section 438B of the Act requires the Directors to provide the RATA within five business days after the Appointment Date.

The RATA provides summary information about the assets and liabilities of the Company as at the Appointment Date.

The Directors provided a joint RATA form on 17 May 2016 and further information is provided in the following section.

7.4 Financial Position based on Report as to Affairs ("RATA")

The Directors have provided a RATA for the Company setting out its financial position as at 29 April 2016.

The RATA for the Company (submitted by the Directors jointly) was received by the Administrators on 17 May 2016. The purpose of the RATA is for the Directors' to set out their assessment of the Company's assets and liabilities and the estimated realizable value ("ERV") of these items. The Directors of the Company provided a joint RATA as at 29 April 2016; however they did not provide ERV's in the RATA. The RATA is summarized in the Table 22 below:

Table 22: AEL - Directors' RATA

AUD	Notes	Book Value	Directors' Estimated Realisable Value
Assets			
Cash at bank	1	122,010.1	Not Provided
Sundry debtors	2	136,090,092.9	Not Provided
Plant and equipment as detailed in inventory	3	1,885.8	Not Provided
Contingent asset	4	140,519.7	Not Provided
Total assets		136,354,508.5	
Liabilities			
Statutory liabilities	5	(42,831.0)	Not Provided
Unsecured creditors	6	(47,710,515.6)	Not Provided
Total liabilities		(47,753,346.6)	
Total net assets		88,601,161.9	

Overall Comments

The Directors' RATA discloses the assets of the Company has a book value of AUD 136.4m and liabilities of AUD 47.8m resulting in a net asset position of AUD 88.6m. No estimated realizable value was provided in the RATA.

The Directors' provide that the sundry debtors comprises of loans to related entities. The recoverability of these loans is dependent on the sale of AEC assets.

Note 1: Cash at Bank

The Directors provide that the balances of the bank account totaled approximately AUD 122k comprising of AUD 95.9k and USD 20k.

Immediately following the appointment of the Administrators, correspondence was sent to all the major financial institutions notifying them to freeze the accounts held in the name of the Company and remit the funds to this office.

It was identified that a total of AUD 144.7k was in the Bankwest pre-appointment bank accounts which were recovered by the Former Administrators during the Former Administration Period.

On 11 May 2016, a notice was issued to the Former Administrators to remit the Company's funds in their possession to the Administrators. In a letter dated 17 May 2016, the Former Administrators advised that a lien was being held over the Company's funds in their possession in relation to their outstanding liabilities, remuneration and disbursements incurred during the Former Administration Period.

Note 2: Sundry Debtors

The RATA provides for the following receivables:

Table 23: Sundry Debtors	
Entity	Amount AUD
Santa Energy Pty Ltd	49,603,202.1
Antares Energy Company	86,486,890.8
Total	136,090,092.9

The realizable value for debtors is based on any offer received for the sale of the assets for AEC. The Administrators consider the recoverability of these debts to be unlikely.

Note 3: Plant and equipment as detailed in inventory

The Directors disclosed plant and equipment in the RATA totaling AUD 1.9k for the carrying value of computer hardware.

With respect to the plant and equipment, the Administrators comment as follows:

- From a review of the Company's asset listing, the Administrators identified a motor vehicle, office furniture and equipment, computer hardware and computer software;
- Notwithstanding the carrying value of computer hardware disclosed in the RATA, the other assets in the Company's books were written down to nil;
- On 25 May 2016, the Administrators obtained possession of the motor vehicle, a 2011 Toyota Prado;
- The motor vehicle was subsequently sold by Grays Online on 7 June 2016 for AUD40.2k (ex GST). The funds received from the sale of the vehicle were used to pay Administrators costs including the payment of the ASX listing fee (c\$25k).

Note 4: Contingent asset

Contingent assets are provided by the Directors as a potential recovery under the Company's D&O policy in the amount of AUD 140.5k. We have not been provided with any further information in relation to this potential claim.

Note 5: Statutory liabilities

The Directors' RATA disclosed statutory liabilities of AUD 42,831.00 in relation to the PAYG withholding for April 2016. Since our appointment, the ATO have provided a Formal Proof of Debt in the amount of AUD 42,829.00.

Note 6: Unsecured creditors

The Directors have provided that trade creditor liabilities totaling approximately AUD 47.7m. This balance was comprised of 5 accounts as below:

Table 24: Unsecured Creditors

Name	Amount AUD
DLA Piper	94,541.3
The Trust Company	34,608.6
Wembley Corporate	10.5
Marsh Pty Ltd	11,293.3
Vicky McAppion	70,061.9
Subtotal	210,515.6
 AZZ Convertible Noteholders	 47,500,000.0
Total	47,710,515.6

The books and records of the Company identify AUD 210.5k of unsecured creditors, excluding the noteholders.

There are c350 noteholders provided in the noteholder register, collectively holding 23.75m notes with a face value of \$2 per note creating a noteholder liability of AUD 47.5m.

Immediately following the appointment of the Administrators, all creditors noted in the books and records of the Company were notified of the appointment and were requested to provide an Informal Proof of Debt Form with their claim amounts. Claim forms received also noted the quarterly interest payments that were due for the March Qtr'16 that were not received by the noteholders however, no amounts were provided. The Administrators advise that the Former Administrators provided copies of proof of debt forms previously lodged.

In addition, the Administrators have received a claim from the Trust Company Limited ("Trustee") in the amount of \$399,636.46 in relation to the Trustee's fees and time-in-attendance as well as out of pocket disbursements that included legal fees. The Trust Deed contains a provision that allows the Trustee a priority out of funds received by Noteholders. The effect of this priority is that the Trustee will receive the amount of its claim in full from distributions prior to distribution to the Noteholders.

The Administrators advise that claims received from creditors are for voting purposes at the second meeting of creditors and to allow the Administrators to determine the quantum of liabilities in the administration. These claims have not been adjudicated or accepted for dividend purposes.

Further investigations will be required to be undertaken by a Liquidator to ascertain the commercial reasonableness of the Group's transactions.

7.5 Books and Records

Section 286 of the Act requires that a Company must 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.

Financial records must be kept for seven (7) years after the transactions covered by the records are completed.

Failure to maintain books and records may give rise to a presumption of insolvency pursuant to Section 588E of the Act. This presumption may be relied upon by a liquidator in an application for compensation for insolvent trading and other actions for recoveries pursuant to Part 5.7B of the Act.

Following a review of the Company records provided to the Administrators, it is the Administrators' initial view that the Company has prima facie complied with Section 286 of the Act.

7.6 Financial Performance and Position of the Company

This section of the Report sets out historical financial information for the Company.

Historical management accounts for the Company have been obtained for the following periods:

- Calendar year to 31 December 2015;
- Calendar year to 31 December 2014; and
- Calendar year to 31 December 2013.

The information has been sourced from the latest version of the management accounts in the Company's records (Version 8). Please note the Administrators have not conducted an audit of the Company's financial records and accordingly, the Administrators are unable to comment on the accuracy or completeness of the information provided.

7.6.1 Historical Financial Performance of the Company

Table 25: AEL Profit & Loss Statement - Management Accounts

	31-Dec-15	31-Dec-14	31-Dec-13
Line Items	AUD ('000)	AUD ('000)	AUD ('000)
Revenue	7,227	5,999	3,706
COS	-	-	-
Gross Profit	7,227	5,999	3,706
Finance Charges	(5,929)	(5,481)	(2,299)
General and Administrative Expenses	(650)	(801)	(737)
Wages and Salaries	(528)	(266)	(266)
Depreciation & Amortisation	(386)	(258)	(22)
Legal Costs	(93)	(368)	(41)
Withholding Tax	(156)	(781)	(224)
Share Based Payments	-	0.0	(76)
Total Expenses	(7,741)	(7,955)	(3,667)
Foreign Exchange Revaluation	9,614	8,432	6,617
Profit/(Loss) From Continuing Operations	9,100	6,476	6,657

The Administrators make the following observations in relation to the financial performance of the Company:

- The profit from continuing operations of the Company increased by AUD 2.3m (34.55%) from FY13 to FY15. This is due to the increased loans made to AEC (from AUD 105.4m in FY13 to AUD 139.7m in FY15) resulting in an increase in revenue from interest of AUD 3.5m (94.98%).
- This increase in revenue is offset by the increase in finance charges where it increased by AUD 3.7m (170.45%) due to the increased convertible notes issued in the 2014 year.
- While the Company shows an operating profit improvement in FY15 of AUD 2.6m (40.5%), these amounts are generated through intercompany loans from AEL to AEC.

7.6.2 Historical Financial Position of the Company

Table 26: AEL Balance Sheets – Management Accounts

	As at	31-Dec-15	30-Jun-15	31-Dec-14	30-Jun-14	31-Dec-13
Line Items	AUD ('000s)	AUD ('000s)	AUD ('000s)	AUD ('000s)	AUD ('000s)	AUD ('000s)
Current Assets						
Cash	175	1,650	8,884	19,549	3,087	
Trade and other receivables	19	165	382	60	7	
Prepayments	18	-	22	-	19	
Total current assets	212	1,815	9,288	19,609	3,113	
Non-current assets						
Other receivables	139,734	133,177	124,653	114,695	105,419	
PPE	2	3	13	20	30	
Oil & gas properties	-	-	-	-	-	
Total non-current assets	139,736	133,179	124,667	114,715	105,449	
Total Assets	139,948	134,995	133,954	134,324	108,562	
Current liabilities						
Trade & other payables	(991)	(889)	(959)	(20,169)	(649)	
Interest-Bearing loans	(46,797)	(47,188)	(50,423)	-	-	
Provisions	(512)	(396)	(217)	(231)	-	
Liabilities associated with disposal group classified as held for sale	-	-	-	-	(209)	
Total Current Liabilities	(48,300)	(48,473)	(51,599)	(20,401)	(858)	
Non-Current Liabilities						
Provisions	(77,546)	(77,546)	-	-	-	
Interest-Bearing loans	-	-	-	(38,657)	(28,589)	
Deferred tax liability	-	-	-	-	-	
Total Non-Current Liabilities	(77,546)	(77,546)	-	(38,657)	(28,589)	
Total Liabilities	(125,846)	(126,019)	(51,599)	(59,058)	(29,447)	
Net (Liabilities) / Assets	14,102	8,976	82,355	75,266	79,116	

The Administrators make the following observations in relation to the financial performance of the Company:

- The Company maintained a positive net asset position throughout FY13 to FY15. However, the financial position of the Company is solely reliant on the intercompany loans to Santa and AEC (which increased YoY to AUD 139.7m at 31 December 2015).
- Based on the sales process of AEC assets, the recoverability of these intercompany loans are likely to be significantly lower.
- Key movements from FY13 to FY15 include:
 - Provision of AUD 77.5m at 30 June 2015 and 31 December 2015 due to diminution of intercompany loans;
 - The Company's cash balance increased to AUD 19.5m by 30 June 2014 due to the issue of additional convertible notes. The current assets subsequently deteriorated to AUD 175k at 31 December 2015 as a result of:
 - Increased loans to AEC;

- Balance of interest not being paid to the Company from AEC; and
- Noteholder interest being paid.

7.7 Financial Performance and Position of the Group

As detailed previously in this report, the Company was the sole shareholder of Santa who was the sole shareholder of AEC. This extent of this relationship is evidenced through the audited financial statements being completed on a consolidated basis. Accordingly, a clearer understanding on the performance of the Company is an analysis of the Group.

The Administrators note that the analysis of the financial performance and position of the Group is undertaken using only the audited financials for consistency and reliability.

7.7.1 Historical Financial Performance of the Group

Table 27: Income Statements - Consolidated Audited Financials

Line Items	12 Months to 31-Dec-14 (\$'000s)	12 Months to 31-Dec-13 (\$'000s)
Continuing Operations		
Sales	4,964	4,575
Cost of Sales	(3,284)	(3,979)
Gross Profit	1,680	596
Other Income	-	10,593
General and Other Expense	(3,421)	(1,131)
Loss on Re-Classification of Non-Current Assets From Discontinued to Continuing Operations	(16,495)	-
Impairment of Available for Sale Financial Assets	(53,594)	-
Impairment of Exploration and Evaluation Expenditure	(44,091)	-
Impairment of Oil and Gas Properties	(20,223)	-
D&A	(344)	-
Finance Costs	(16,777)	(2,347)
Profit/(Loss) Before Income Tax	(153,265)	7,711
Income Tax Benefit/(Expense)	16,461	(703)
Profit/(Loss) From Continuing Operations	(136,804)	7,008
Profit/(Loss) From Discontinued Operations	9,188	15,935
Net Profit/(Loss) for the Period	(127,616)	22,943
Other Comprehensive Loss		
Foreign Currency Translation	15,042	16,766
Available for Sale Financial Asset Revaluation	53,594	-
Available for Sale Financial Asset Impairment	(53,594)	-
Other Comprehensive Profit/(Loss) for the Period Net of Tax	15,042	16,766
Total Comprehensive Profit/(Loss) for the Period	(112,574)	39,709

The Administrators make the following observations in relation to the financial performance of the Group:

- The Group was heavily loss making over the FY14 year primarily due to impairment losses. Although no income statement was provided for FY15, further comments regarding the impairment losses in HY15 in Section 7.6.2 below further highlights the quantum of write-downs.
- A significant decline in profit between FY13 and FY14 of AUD 152m was driven by discontinued operations and impairments of assets totaling AUD 134.4m.
- A significant portion of the impairment is attributable to the fall in value of the Breitburn common units as discussed in Section 6.
- In FY13, finance costs contributed 51.30% of sales. Although the Company received sale proceeds for the sale of Southern Star in FY14, this proportion of finance costs becomes 333.97% in FY14 due to increased convertible notes and the repayment of the Macquarie debt.

7.7.2 Historical Financial Position of the Group

Table 28: Balance Sheets - Consolidated Audited Financials

	As at	30-Jun-15	31-Dec-14	30-Jun-14	31-Dec-13
Line Items	AUD ('000s)	AUD ('000s)	AUD ('000s)	AUD ('000s)	AUD ('000s)
Current Assets					
Cash	6,998	14,732	20,270	4,681	
Trade and other receivables	584	1,134	3,555	4,111	
Prepayments	5	47	-	5,173	
Current tax assets	-	-	-	856	
Disposal group classified as held for sale	-	-	194,605	192,055	
Available for sale financial assets	26,651	36,698	-	-	
Total current assets	34,238	52,611	218,430	206,876	
Non-current assets					
Other receivables	781	731	-	-	
PPE	190	126	101	159	
Oil & gas properties	3,666	3,700	-	-	
Total non-current assets	4,637	4,557	101	159	
Total Assets	38,875	57,168	218,531	207,035	
Current liabilities					
Trade & other payables	(2,345)	(1,958)	(4,879)	(7,665)	
Interest-Bearing loans	(47,188)	(50,686)	(26,115)	(36,386)	
Provisions	(1,089)	(798)	(852)	(803)	
Liabilities associated with disposal group classified as held for sale	-	-	(6,281)	(4,925)	
Total Current Liabilities	(50,622)	(53,442)	(38,127)	(49,779)	
Non-Current Liabilities					
Provisions	(1,318)	(1,262)	-	(72)	
Interest-Bearing loans	-	-	(57,325)	(28,589)	
Deferred tax liability	-	-	(10,661)	(10,235)	

Table 28: Balance Sheets - Consolidated Audited Financials

Line Items	As at	30-Jun-15	31-Dec-14	30-Jun-14	31-Dec-13
		AUD ('000s)	AUD ('000s)	AUD ('000s)	AUD ('000s)
Total Non-Current Liabilities		(1,318)	(1,262)	(67,986)	(38,896)
Total Liabilities		(51,940)	(54,704)	(106,113)	(88,675)
Net (Liabilities) / Assets		(13,065)	2,464	112,418	118,360

The Administrators make the following observations in relation to the financial position of the Group:

- The disposal group classified as held for sale fell from AUD 194.6m to nil between 30 June 2014 and 31 December 2014 as a result of the sale of the Southern Star project in October 2014.
- There was a significant decline of the Group's financial position year-on-year to a net liability position by 30 June 2015. This was significantly due to:
 - Increase of interest bearing liabilities between FY13 and HY14 of AUD 18.5m (28.41%) resulting from issuing additional convertible notes;
 - The impairment of assets as detailed in the Group's financial performance by 31 December 2014; and
 - The decline in value of the Breitburn Common Units from AUD 90.6m at acquisition to AUD 26.6m by 30 June 2015. As detailed in Section 6 these common units were eventually sold for approximately USD 1.9m prior to the appointment of the Administrators in the earlier part of 2016.

8. Administrators' Investigations

8.1 Introduction

The Administrators have conducted investigations into the Company's business, affairs and financial circumstances.

Further investigations will occur if liquidators are appointed to the Company. Although investigations are preliminary, the Administrators are at a sufficiently advanced stage to report on their findings and to provide the necessary guidance to Creditors on what may occur if liquidators are appointed to the Company.

The primary purposes of the Administrators investigations' are to:

- Identify possible contraventions of the Act: see Section 8.4 for further details; and
- Identify potential recovery actions which may be undertaken by liquidators in the event that the Company is placed into liquidation. None of these recovery actions can be undertaken by the Administrators, or a Deed Administrator. See Section 8.5 for further details.

Please refer to the Australian Restructuring, Insolvency & Turnaround Association's Creditor Information Sheet entitled Offences, Recoverable Transactions and Insolvent Trading, for full details of the types of offences and potential recoveries available to liquidators. The information sheet is reproduced at Schedule 10.

8.2 Investigations Undertaken

In investigating the Company' business, affairs and financial circumstances, the Administrators have:

- Held extensive discussions with the directors and officers of the Company in Australia and the U.S.;
- Identified, reviewed, reconstructed where required, and analyzed financial information in both hard copy and electronic form;

- Reviewed available books and records including email records of the Company and Group;
- Undertook searches of various publicly available databases; and
- Received and reviewed other ad hoc information regarding the Company' affairs.

8.3 Key Issues for Investigation

8.3.1 Announced Sale of Assets to Wade Energy

We have reviewed records of the Group and have made separate enquiries in an attempt to ascertain the following:

1. The substance of the proposed transaction between the Group and Wade Energy; and
2. The credentials of Wade Energy including their capacity to complete a transaction.

The information reviewed includes email correspondence between James Cruickshank and Wade Energy. The Administrators have not found any evidence to suggest that Wade Energy was a credible party who had the ability to complete the transaction. Additionally we are not aware of the extent to which the Company undertook due diligence to ensure that Wade Energy was a credible purchaser.

Key communications with Wade Energy include:

2014

- Company dealings with Barry Hanson of Wade Energy occurred as early as 11 July 2014 with a term sheet proposing a takeover/merger of the Group. The proposal was for USD1.04 per share (with 255m shares being on issue).
- On 21 July 2014, the Company made an announcement on the ASX noting the takeover offer. Discussions continued until 4 September 2014 with Wade Energy providing executed confidentiality agreements for AEC.
- Minimal email correspondence following abovementioned correspondence.
- On 25 October 2014, James Cruickshank emailed Barry Hanson of Wade Energy advising that a sale of Southern Star was concluded on 24 October 2014 and that a takeover would no longer be possible.

2015

- On 8 August 2015, James Cruickshank received a letter of intent from Wade Energy stating a total acquisition price for Northern Star and Big Star of USD 235.9m. The Company entered into a SPA with Wade Energy on 4 September 2015 and made an announcement on the ASX on 7 September 2015.
- The Board ratified the signing of the SPA on 25 September 2015 and subsequently, the amended SPA on 8 October 2016.
- On 10 October 2015 and following the request of James Cruickshank, Mark Clohessy emailed the Board information relating to Barry Hanson, Wade Energy Corp and Wade Construction of New Mexico.
- James Cruickshank continued to correspond with Wade Energy who sought several extensions to the contract firstly 11 December 2015 and then 15 January 2016.
- In an email on 16 January 2016, Wade Energy confirmed that the contract expired and that his financial partners would not have the funds until the following week.
- Wade Energy then advised that they had a fund out of the UK that is funding the acquisition, but would not be in a position to close until the end of February.
- No further correspondence from Wade Energy is identified following this email despite Mr. Cruickshank's attempts to follow up the status of the transaction.

Administrators Comments

We have reviewed the Company records in relation this matter and question the quality of the due diligence undertaken by the Company in relation to Wade Energy. Of particular concern is the apparent execution of a SPA and announcement to the ASX prior to due diligence being undertaken to understand the legitimacy of the purchaser and their ability to fund or complete the transaction.

Shortly after being engaged in the spring of 2016, FTI Consulting team members in Texas undertook investigations into Wade Energy. These investigations included online searches for information on the firm and associated parties.

- Searches showed Wade Energy to be a small private exploration and production service company based in various cities in New Mexico and Texas.
- Barry Hanson was listed as the CEO of Wade Energy.
- One independent site listed the Company's revenues at USD600k per year.
- Barry Hanson's LinkedIn profile advised that he has been the CEO of Wade Energy since September 2010, and was formerly the President of Wade Construction of New Mexico, Inc.
- His linked in profile shows him hold a high school diploma but no further tertiary qualifications.

At that same time, Paul Jordan of FTI Consulting met with Stephen Lee a partner at KLR and the lead on the AEC sales effort who had been appointed to sell the assets of AEC prior to our appointment. When asked about the USD250m offer from Wade Energy in the prior year, Mr. Lee informed Mr. Jordan that KLR had nothing to do with the transaction and that the offer made little sense under market conditions at the time.

Several months later, Paul Jordan had a phone call with James Cruickshank and asked about the background to the Wade Energy transaction and the credentials of Wade Energy to complete the transaction. Mr. Cruickshank did not acknowledge the question, immediately moving the conversation onto other matters.

There is no indication from publicly available information that Wade Energy had any means at all to make a USD250m offer for the Group's assets. The Administrators have made ASIC aware of this issue.

8.3.2 AEC Bank Account Transactions

Based on the investigation of these financial records, including statements of BOA, emails of Vicky McAppion and a bank reconciliation workbook, the Administrators confirmed that:

- On the day before appointment of the Former Administrators on 28 April 2016, two transfers were made to Mr. Cruickshank and Mr. Shoemaker, the then Chief Scientist and director of AEL, in total of USD 511k. In addition, USD 388k of tax withheld relating to these payments were paid to the IRS.
- As of 10 May 2016, the date of our appointment to replace Pitchers Partners, AEC had cash fund of USD 549k.
- However, on the same day, transfers were made to Mr. Cruickshank and Mr. Shoemaker in total of USD 279k. The related tax payment to IRS was done on 17 May 2016 of USD 199k.

Further comment on legal actions in relation to the abovementioned transactions is detailed in section 9.

8.3.3 Investment in Breitburn Energy Partner Units

As previously discussed, a portion of the consideration for the Breitburn purchase of the Southern Star assets was an amount of Breitburn shares. Breitburn is a publicly-traded independent oil and gas master limited partnership focused on the acquisition, exploration, development, and production of oil and gas properties in the US. At the time of the Southern Star sale, Breitburn had a stock price of USD 19.50. Breitburn subsequently filed for Chapter 11 bankruptcy in the US on 16 May 2016.

We note from the draft 2015 Annual Report between 31 December 2015 to 31 March 2016, AEC sold 1.3 million units of its investment in BBEP, with 3 million units still held by AEC.

Based on the bank records, this sale occurred in the month of February 2016 with gross proceeds of USD 914k.

During the week prior to the appointment of the Former Administrators, AEC sold certain quantity of units in BBEP for total gross proceeds of USD 1,007k and the funds were used to pay out leave entitlement of Mr. Cruickshank and Mr. Shoemaker.

These funds may have been used for the benefit of AEC by funding lease payments and operational expenses. Additionally, the funds were paid to James Cruickshank and Greg Shoemaker in preference to the repayment of the loan from AEL.

8.3.4 Further Investigations: Options Available

In the absence of funding, the ability of a liquidator to undertake further investigations and/or commence recovery actions will be significantly compromised. Please refer to Section 545 of the Act for further details about the obligations of a liquidator when there is insufficient available property to meet the cost of investigations and/or recovery actions.

Any Creditor willing to provide funding to undertake further investigations and/or commence recovery actions should let us know the proposed amount and terms of that funding before the Second Meeting of Creditors so that we can draw that proposal to the attention of Creditors.

Should funding be made available, it may be possible to undertake further investigations (including potentially undertaking public examinations in the Supreme Court of NSW) and commence recovery actions. Further details of potential recovery actions and the Administrators' opinion on those actions are contained in this section.

For completeness, the Administrators note that ASIC provides limited funding to liquidators:

- To enable further investigations and reports by liquidators into the failure of Company with few or no assets; and
- Where it appears to ASIC that enforcement action may result from the liquidator's investigation and report.

Funding is only available to meet the costs of undertaking the investigation and preparing a report. It is not available to cover the costs of any recovery actions identified in the report.

8.4 Potential Contraventions of the Act

The Administrators are obligated to report to creditors any reportable offences they identify as being committed by a past or present officer of the Company, where the reporting of such offences may be considered relevant to the creditors' decisions as to the Company' future. Primarily, the potential reportable offences relate to the following:

- The misuse of their position within the Company or not carrying out the duties required of their position in good faith or with the appropriate degree of due care and diligence;
- A failure to maintain adequate books and records in relation to the Company or the failure to deliver these up to the Administrator;
- Failing or refusing to assist the Administrator as and when required and to provide reports as required under the Act;
- Entering into transactions with the purpose of avoiding employee entitlements; and
- Insolvent trading.

Table 29 below provides a summary of potential breaches of director's duties.

Table 29: Summary of Potential Directors' contraventions of Act

Section of the Corporations Act / Contravention	Requirements	Comments	Section(s)
S180 – Care and Diligence	<p>Officer must exercise their powers and discharge their duties with the degree of care and diligence that a reasonable person would exercise if they:</p> <ul style="list-style-type: none"> • Were a director or officer of a corporation in the corporation's circumstances; and • Occupied the office held by, and had the same responsibilities within the corporation as, the director or officer. 	<p>The Group has been damaged by the actions of Cruickshank and Shoemaker and their breaches of fiduciary duty in the form of lost funds. AEL also has been forced to spend time and resources in its attempt to recoup these losses.</p> <p>In addition, AEL has suffered consequential losses as a result of Cruickshank's breaches of fiduciary duty. Due to the improper transfer of funds and depletion of the company's capital by Cruickshank and Shoemaker, AEL's ultimate subsidiary AEC was left with insufficient funds to maintain certain valuable oil and gas interests that it would have maintained, but for the wrongful actions of Shoemaker and Cruickshank.</p>	8.4.1 8.4.2
s181 – Good Faith	Director or other officer of a corporation must exercise their power and discharge their duties in good faith in the best interest of the corporation, and for a proper purpose.		
s182 – Use of Position	Director or other officer of a corporation must not improperly use their position to gain an advantage for themselves or someone else, or cause detriment to the company.		
s183 – Use of Information	A person who obtains information because they are, or have been, a director or other officer or employee of a corporation must not improperly use the information gain an advantage for themselves or someone else, or cause detriment to the company.		
s438B Officers to Assist Administrators	The officers of the company have an obligation to assist the administrators including providing a Report as to Affairs, delivering up the books and records of the company, and providing information and assistance when requested.	The officers of the Company have provided a RATA and have generally been cooperative. Records were provided to the Administrators. James Cruickshank has not assisted the Administrators to the extent required and has at times been purposefully obstructive and obtuse.	8.4.3
S588 - Insolvent Trading	Pursuant to Section 588G of the Act, an officer has a positive obligation to prevent a company from incurring debts whilst insolvent.	It is the Administrators preliminary view that a breach of Section 588G may have occurred with the Company potentially having traded whilst insolvent. This is discussed further in Section 8.6 of this report.	8.6.4

The Administrators investigations to date indicate that certain offences may have been committed.

8.4.1 Breach of fiduciary duty and Sections 180-183 of the Act by James Cruickshank

- A fiduciary relationship existed between James Cruickshank and AEL. Additionally, the same relationship existed between James Cruickshank and Santa and AEC.
- James Cruickshank was in a position of trust and confidence as the chairman and director of AEL, and the sole director of AEC. In these positions, AEC relied on and trusted Cruickshank to manage the company and make decisions in the best interest of AEC and the Group. Cruickshank therefore owed fiduciary duties to AEC, and the Group including but not limited to the duties of loyalty and care.
- James Cruickshank breached his fiduciary duties to AEC by misusing company funds for his own personal benefit. He used his position of trust and confidence at AEC to wrongfully transfer—without appropriate authorisations, c.USD1.37m of AEC's cash assets including after voluntary administrators had been appointed, to AEL. USD628,000 was transferred to Cruickshank himself.
- In addition, Mr. Cruickshank used information in relation to the appointment of the Administrators in Australia (which he had facilitated as a director of AEL) to plan the transfer prior to being removed as a director of AEC.
- The Group has suffered consequential losses as a result of Cruickshank's breaches of fiduciary duty. Due to Cruickshank's improper transfer of funds and depletion of the AEC's capital, AEC was left with insufficient funds to maintain certain valuable oil and gas interests that it would have maintained, but for Cruickshank's actions. Cruickshank wrongfully took advantage of his privileged, insider knowledge of Antares' insolvency to make cash transfers that were in his interest, rather than AEC's.

8.4.2 Breach of fiduciary duty and sections 180-183 by Greg Shoemaker

- A fiduciary relationship existed between Shoemaker and AEL. Specifically, Shoemaker was in a position of trust and confidence as Chief Scientist and director of AEL.
- In these positions, AEL relied on and trusted Shoemaker to perform his executive responsibilities and make decisions in the best interest of AEL. Shoemaker therefore owed fiduciary duties to AEL, including but not limited to the duties of loyalty and care.
- Shoemaker breached his fiduciary duties to AEL by misusing company funds for his own personal benefit. In conjunction with Cruickshank, he used his position of trust and confidence at AEL in the wrongful personal receipt—without appropriate authorizations—of approximately USD161,000 of the company's cash assets after the Administrators had been appointed.
- AEC has been damaged by Cruickshank's breaches of fiduciary duty in the form of lost funds. The Administrators have also been forced to spend time and resources in its attempt to recoup these losses.

8.4.3 Officers to Assist the Administrators

The officers of the Company have provided a RATA and have generally been cooperative. Records were provided to the Administrators.

James Cruickshank has not assisted the Administrators to the extent required and has at times been purposefully obstructive and obtuse. Examples of this breach include the following:

- Failure to provide information when requested;
- Failure to answer direct questions;
- Obstructive behavior in relation to motor vehicles in his possession which were registered to AEC. Cruickshank would not return the vehicles and court proceedings were required to be commenced to recover the vehicles; and
- Failure to pass on Company and Group mail received at his residential address to FTI Consulting representatives in the U.S.

This conduct has been reported to ASIC and a formal report will be made shortly.

8.5 Potential Recovery Actions available to a Liquidator

Part 5.7B of the Act gives a liquidator (but not an Administrator or Receiver and Manager) the right to commence certain legal proceedings to recover money, property or other benefits for the benefit of the unsecured creditors of a company.

In the context of the Company, those legal proceedings cannot be commenced if the Creditors of the Company resolve that the Company execute a DOCA or that the Company revert to the control of the Directors. As such, when considering how to vote at the Second Meeting of Creditors, Creditors must give consideration to the prospect of a liquidator being able to successfully recover money, property or other benefits for the benefit of Creditors.

As an initial comment, Creditors should note that recovery actions:

- Have the potential to add to the funds available to Creditors;
- Are usually expensive, lengthy and have unpredictable outcomes;
- Should not be commenced unless defendants have the financial resources to satisfy any judgment; and
- Must be funded out of the existing assets or if such assets do not exist, by creditors or by external litigation funders (who are likely to require a significant share of the proceeds of any judgment as a condition of funding the litigation).

8.6 Solvency of the Company

8.6.1 Proving Insolvency

Certain recovery actions available to a liquidator require the liquidator to prove that the Company was insolvent at the time of the transaction, or in the case of an Insolvent Trading action, when the debt was incurred. The recovery actions where insolvency must be proved are Unfair Preferences, Uncommercial Transactions and Insolvent Trading.

Proving insolvency can be a relatively complex exercise, may be subject to conjecture and ordinarily involves some measure of time and expense.

8.6.2 Legal definition of insolvency

Section 95A of the Act provides that a company is insolvent if the company is unable to pay all its debts as and when they become due and payable. This is known as the cash flow test of insolvency. A significant body of case law has developed around the meaning of Section 95A of the Act.

A determination of whether a company is insolvent essentially requires an examination of the company's "cash flow" and a consideration of whether:

1. The cash resources available to a company at a particular point in time exceed;
2. The total amount of the company's debts that are due and payable at that time.

Cash resources available to a company include overdraft facilities, financial support from related parties and money which can be procured from the company's assets by sale or by mortgage or by pledge within a relatively short time – relative to the nature and amount of the debts and the circumstances, including the nature of the business of the company.

8.6.3 Provisional Opinion on Insolvency

The Administrators consider that the Company was insolvent from at least March 2016 at the time the noteholders advised the Company that they sought redemption of the notes, but potentially earlier.

The Audit report contained in the Annual report for 2014 contained an "emphasis of matter" comment acknowledging an inability for AEL to continue as a going concern if the noteholders were to seek redemption of the notes. Given the nature of the Company as a source of funding for AEC, the Administrators consider that the solvency of the Company is dependent on the expiry of the notes and the

recoverability of the related party loan to Santa Energy Pty Ltd and AEC. Therefore AEL would have been insolvent at least from March 2016 when the noteholders failed to extend period for redemption date.

Although the redemption of the notes was extended a number of times to March 2016, the following should also be noted in relation to the financial position of the Company and the Group:

1. The value of the Breitburn shares held by the Company was in significant decline by the last quarter of the 2015 calendar year.
2. Cash was being depleted in payment of distributions to noteholders and other commitments, without sufficient inflows to maintain the cash balance.
3. AEC stopped renewing acreage leases at 1 January 2016.
4. The amount owed to noteholders was not able to be repaid from the assets of AEC.
5. The value of the remaining oil and gas assets was questionable given the state of the market and previous attempts to sell the Northern Star and Big Star assets had not achieved a transaction.

The abovementioned factors should be taken into account when considering whether the Company was insolvent at an earlier date.

Please note that this is only a provisional opinion and will be subject to more detailed review if the Company is placed into liquidation.

8.7 Liquidator Recoveries Where Insolvency Must be Proved

8.7.1 Unfair Preferences (Section 588FA)

Transactions (including a payment of money) between the Company and an unsecured creditor in the period 28 October 2015 to 28 April 2016 (i.e. six months prior to the appointment of the Former Administrators) may constitute an unfair preference if the Company was insolvent at the time of the transaction. A claim will be unsuccessful if the party benefiting from the transaction did not suspect and should not have suspected the Company was insolvent.

In investigating the existence of possible preference payments the Administrators undertook the following:

- Reviewed payments made by the Company in the six months prior to the Appointment Date to identify any round sum payments made to creditors;
- Reviewed the movement in the overall indebtedness of creditors to determine any material improvement in their position;
- Reviewed Company records to ascertain any letters of demand served and investigated any payments made to those Creditors; and
- Reviewed Company records to determine evidence of knowledge by Creditors of the Company insolvency.

Whilst further investigations will be required prior to a liquidator considering commencing recovering proceedings in relation to any preferences identified, the Administrators' investigations to date have revealed the following:

- Given the ageing profile and correspondence of many of the creditors, the Administrators consider it likely that payments made during the six month period would likely have resulted in creditors being preferred over others, in that a number of debts relating to the same period would remain outstanding;
- After reviewing samples of correspondence between the Company and creditors, the Administrators are of the view that a liquidator would be able to establish that creditors either knew, or should have known, of the Company insolvency.

From our preliminary investigations, we have been unable to identify any unfair preferences by the Company.

8.7.2 Uncommercial Transactions (Section 588FB)

From our preliminary investigations, we have been unable to identify any uncommercial transactions by the Company. Should a liquidator be appointed, further investigations would be conducted.

8.7.3 Unfair Loans (Section 588FD)

The Administrators have not identified any loans which may have the characteristics to be unfair loans. However, a liquidator would continue investigations in this regard.

8.7.4 Related Party Transactions (Section 588FE (4))

A number of related party transactions have been discussed in Section 14 of this report. These transactions primarily occurred between the Company, Santa and AEC. Another loan of USD600k was made to Mr. Cruickshank but this was repaid during FY15.

Related party transactions and loan accounts will be further investigated if a liquidator is appointed.

8.7.5 Insolvent Trading by Directors (Section 588G)

A director of a Company has a positive duty to prevent a Company' incurring debts whilst insolvent.

A director liable for insolvent trading is required, pursuant to Section 588M of the Act, to pay to the insolvent company damages equivalent to the amount of the unpaid wholly or partly unsecured debts incurred during the time that person was a director and the Company was insolvent.

A company incurs a debt when, by its choice, it does or omits something which, as a matter of substance and commercial reality, renders it liable for a debt for which it otherwise would not have been liable.

The Administrators have formed a preliminary view that the Directors may have allowed the Company to trade whilst insolvent. Further investigations would be required in order to establish the extent to which any insolvent trading occurred.

8.7.6 Defences

A director can raise one of the following defences to an insolvent trading claim:

- The director had reasonable grounds to expect that the Company was solvent and would continue to be solvent when the debt was incurred;
- The director relied on a competent and reliable person to provide information regarding the company's solvency and, on the basis of the information so provided the director expected the company was solvent and would continue to be solvent when the debt was incurred;
- Due to illness (or other good reason) the director was not involved in the management of the Company; or
- The director took all reasonable steps to prevent the debt being incurred.

8.8 Recoveries Where Insolvency Does Not Need to be Proved

8.8.1 Unreasonable Director Related Transactions (Section 588FDA)

The Administrators have not identified any unreasonable director related transactions at this stage. However, further investigations may be required.

9. Legal Actions Undertaken

The Administrators have undertaken the following legal actions to date:

9.1 Action against James Cruickshank and Greg Shoemaker

Action has been commenced against James Cruickshank and Greg Shoemaker in the district court of Dallas County, Texas U.S. for the return of the funds authorized and paid from the AEC bank account by Cruickshank to himself and Greg Shoemaker prior to the appointment of the Administrators.

The Administrators have filed claims for breach of fiduciary duty, fraudulent transfer, and theft against Cruickshank, and breach of fiduciary duty and fraudulent transfer against Shoemaker. These claims are based on Cruickshank's and Shoemaker's misappropriation and dissipation of company funds and breaches of the trust placed in them as directors and company insiders.

The Administrators seek to recover the funds that Cruickshank improperly, and in breach of his fiduciary duty, transferred to himself and to others, including Shoemaker, as well as consequential damages, attorney's fees, and general relief.

9.2 Recovery of vehicles

Proceedings commenced in Texas to recover vehicles owned by AEC from James Cruickshank. The vehicles were returned and the proceedings dismissed.

9.3 Insurance policies

Baker and Mackenzie have assisted the Administrators in ascertaining and preserving AEL's rights under policies of insurance which it may have the benefit of.

9.4 Section 19 transcripts

An application was made by Baker & McKenzie to ASIC for the release of the transcripts of section 19 interviews with key parties conducted by ASIC in relation to AEL. The transcripts have been requested as they may assist the Administrators with their further investigations. ASIC recently responded to the application advising that a response has been received from the examinees' lawyers objecting to the release of the transcripts, and that ASIC requested that the Administrators provide any supplementary submissions or information in support of the application. The ASIC solicitor handling the file will then consider that response and make a recommendation to the delegate regarding the Administrators' application. At the date of the Report, the timeframe for the provision of the transcripts (whether in whole or in part) is uncertain.

10. Directors' Financial Capacity to Pay Judgement Debt

10.1 Asset Position of Directors

The Administrators have conducted their own inquiries into the financial position of the directors of the Company through searches of available public information.

In addition we have requested details of personal asset and liability positions from James Cruickshank, Greg Shoemaker and Vicky McAppion. At the time of finalizing the Report, we have not received a response to our queries from the directors.

A summary of personal assets identified appears in Table 30 below. We note that further investigations would be required to ensure that all personal assets are identified. Further investigations would occur in the event that the Company was placed into liquidation at the Second Meeting of Creditors.

Table 30: Directors' Personal Property Ownership Identified

Director Name	Real Property Identified	Comments
James Cruickshank	Dallas, TX 75225-5218 U.S. (Jointly owned)	Property identified in the U.S. is exempt from seizure under Texas law (but a money judgment, once obtained, can be recorded as a lien against the property).
Gregory Shoemaker	The Woodlands, TX 77382-2504 U.S. (Jointly Owned)	Property identified in the U.S. Those assets are exempt from seizure under Texas law (but a money judgment, once obtained, can be recorded as a lien against the property).
Vicky McAppion	No records Found	Property search confined to Western Australia however further searches may reveal ownership of real property.

10.2 Directors & Officers Insurance

The Administrators are aware of a D&O insurance policy that has a claim limit of AUD20m and have placed the Directors on notice that a potential claim made against the policy.

To date the Administrators have not commenced any action which the D&O policy may respond to, however legal actions against James Cruickshank and Greg Shoemaker have been commenced in the U.S. which is detailed in section 9 of the Report.

11. Correspondence with ASIC

The Administrators understand that ASIC undertook investigations into the Company and Group in late 2015 in relation to various aspects of the operations of the Group including the announced transaction with Wade Energy.

The Administrators have provided assistance to ASIC including provision of records of the Company and have been in contact with relevant ASIC officers on a number of occasions throughout the Administration to provide a range of information including the following:

- Company records including email records to assist ASIC with their understanding of the history of the Company and the operations of the Group;
- Details of non-compliance by James Cruickshank in relation to assisting the Administrators, and the removal of funds from the AEC bank account in an unauthorized manner. In addition, the Administrators have requested through their solicitors, transcripts of s19 interviews conducted by ASIC officers pursuant to the Corporations Act with the Directors of the Company in respect of an investigation into the Group to gain a further understanding of the information extracted from the interview process.

The Administrators are standing by to assist ASIC with their investigations in any way required.

12. Information for Employees

12.1 Introduction

As a group, Employees constitute a preferred class of creditors of the respective employer within the Company. As such, the Administrators have prepared this Paragraph of the Report to address matters that are of concern to Employees.

12.2 The FEG Scheme

If the Company is wound up and Employees are not paid all of their outstanding entitlements, Employees may be entitled to a payment from the Department of Employment (“DE”) under the FEG Scheme. Employees will not be entitled to any payment under the FEG Scheme if the Company executes a DOCA.

DE administers the FEG Scheme in accordance with the FEG Act. DE uses the FEG Act to determine the eligibility of Employees and the amount of any payment. A FEG information sheet issued by DE appears as Schedule 8. Further information about FEG is available from the DE website at <https://www.employment.gov.au/fair-entitlements-guarantee-feg>

12.3 Excluded Employees

The employees of AEL are officers of the Company and are therefore excluded from participating in the FEG scheme.

13. DOCA Proposal and realisation of Assets

13.1 Introduction

The Administrators have received a formal DOCA proposal as part of the Australian EOI process from Pager Partners Corporate Advisory (“Pager Partners”).

The Administrators will put the proposal forward for consideration at the Second Meeting of Creditors. Creditors may choose to adjourn the Second Meeting of Creditors for a period not exceeding 45 business days in order to evaluate the DOCA Proposal.

The complete DOCA proposal is detailed at Schedule 8. The details of the DOCA proposal are summarized below:

13.2 Summary of Proposal from Pager Partners

A summary of the details of the DOCA proposal is detailed below:

1. The Syndicate headed by Pager Partners (or its nominee) proposes to arrange the injection of approximately \$1,876,875 cash into AEL in return for shares representing approximately 95% of the Company;
2. Immediately following the satisfaction of the last of the conditions precedent (being, most likely, shareholder approval of the Syndicate’s Proposal at the shareholder’s meeting), the Syndicate will arrange a loan of funds to AEL and arrange for AEL to immediately pay out to the Deed Administrator \$500,000 in return for creditors (including noteholders) releasing all claims against the Company and participating as creditors of the Antares Creditors’ Trust, at which time AEL will be contemporaneously removed from Administration. The Syndicate requires the use of a Creditors’ Trust to adjudicate and pay out creditors’ claims;
3. After payment of \$500,000 to the Deed Administrator and before costs of the Proposal, Antares will have \$1,376,875 in working capital;
4. The Syndicate will loan the Company the funds to pay for the costs of the drafting of the DOCA, Creditors Trust Deed, Shareholder’s Meeting and Shareholder Notices, prospectus, independent expert report and preparing historical audited accounts;
5. The Syndicate proposes to undertake a consolidation of the existing shares on issue and will issue new shares and options to raise the \$1,876,875. It should be noted that this Proposal is not conditional on the capital raising;
6. The Syndicate requires certain assets to remain in the Group as part of the recapitalisation, to be agreed between the Syndicate and the Administrator including but not limited to the Big Star Project in the Permian Basin (“Big Star Project”), (other than those assets specifically excluded by the Syndicate prior to effectuating the DOCA);

7. It is proposed that a shareholders' meeting be held to consider this Proposal within approximately 8 to 10 weeks from the date of executing the DOCA. The \$500,000 will be paid to the Deed Administrator after the shareholder's meeting;
8. This proposal is subject to creditor and shareholder approval and the ASX confirming in writing that Antares will not need to re-comply with Chapters 1 & 2 of the Listing Rules;
9. The Syndicate will pay a \$10,000 deposit upon executing the DOCA.

A detailed DOCA proposal is attached as Schedule 8. The above is a Summary DOCA Proposal only and as a consequence, it should not be relied upon in substitution the detailed DOCA Proposal (Schedule 8).

13.3 Distribution of Funds and Outcomes for Creditors and Noteholders

The funds contributed by Pager Partners Capital will be distributed in the manner detailed in Table 31 below.

Please note that the summary below is an estimate only and the amounts are subject to change due to changes in the sale outcomes, outflows on sale, and professional costs incurred.

In addition, this analysis this does not include potential returns from current legal actions against directors in the U.S. which will be available to the Deed Administrators should the proposed DOCA be approved by creditors. In the event that recoveries are made from these legal actions further funds will be available to creditors. The summary below contained estimates only which are subject to change. Further discussion in relation to the estimated return to creditors is detailed in Section 15 and the Table 31 below should be read in conjunction with comments in the estimated outcome statement in Schedule 6.

Table 31: Example Estimated flow of funds from AEC to AEL	
AEC Estimated Return	USD
Cash Balance	100,870
Less Payables Aging Report Payables	(66,343)
Less Royalties due to landowners	(19,625)
Net Cash	14,902
Antares Asset Sales & Associated Costs	
Northern Star Land Sale Proceeds	1,069,000
Northern Star Land Sale - Macquarie 10% NPI	(106,900)
Northern Star Project Wellbore Sale Proceeds(3)	1,000,000
WTG (Gas Gathering Line Construction Balance)	(376,412)
Northern Star Wellbore Sale - Macquarie 15% NPI	(150,000)
TOTAL ASSET SALES PROCEEDS LESS DEDUCTS	1,435,688
Less FTI (US) Fees (Estimate)	(500,000)
Estimated Amount available to pay AEL via PIYC (USD)	950,590
AEL Estimated Return (Deed Fund)	AUD
AEL Estimated Return (Deed Fund) (AUD)*	1,254,779
FTI Fees (Australia)	(604,078)
FTI Costs	(20,000)
Legal Fees	(150,000)
Plus Pager Partners Creditors Trust	500,000
Deed Fund	980,701.00
Less Deed Administrators Fees	(150,000)
Estimate of funds available for distribution from asset sales and DOCA fund (Excluding legal claims)	830,701.00

13.4 Administrators' Analysis

It is the Administrators opinion that the Pager Partners DOCA is in the best interest of all Creditors for the following reasons:

- The DOCA is forecast to provide a greater, more certain and more timely return than that which may be received if the Company is wound up. The Administrators currently forecast that the Creditors will receive a \$nil return under a winding up in a low case scenario.
- The Pager Partners Creditor Proposal is largely unconditional; the only conditions attached are Creditor and Shareholder approval.

A comparison of the forecast return to Creditors under the DOCA and an immediate winding up is outlined in Section 15.

14. Creditors' Trusts

14.1 Introduction

As noted above, the Pager Partners DOCA proposal intends to make use of a creditors' trust. In those circumstances, we are required to give a general explanation to Creditors about the nature of a creditors' trust and to also provide further information about the Pager Partners Creditors' Trust.

14.2 What is a creditors' trust?

A creditors' trust when used in conjunction with a DOCA is a mechanism used to accelerate a company's exit from external administration. To date, it has been used most commonly (but not exclusively) in connection with the rehabilitation and recapitalization of public companies listed on the ASX.

Typically, when a creditors' trust is created:

- The company's obligations to all creditors bound by the DOCA are compromised;
- The deed administrators of the DOCA become the trustees and the creditors become the beneficiaries of the creditors' trust;
- The company and/or third parties promise to make one or more payments (or transfer of property) to the trustees in satisfaction of the creditors' claims against the company. In return, the creditors' claims against the company are extinguished;
- The DOCA is 'effectuated' immediately upon the creation of the creditors' trust, which usually occurs after the DOCA is executed and any conditions precedent are satisfied; and
- When the DOCA is "effectuated", the company ceases to be externally administered, the directors regain full control of the company, the company is no longer required to use the notification 'subject to deed of company arrangement' on its public documents as otherwise would be required by s450E(2) of the Act and the Company is able to be relisted on the ASX subject to satisfaction of the ASX listing rules (if applicable).
- The deed administrators (now trustees) are solely responsible to the former creditors (now beneficiaries) for:
 - Ensuring that the company and/or other third parties make their payments, transfer property and satisfy any other obligations to the trustees;
 - Determining how much each of the former creditors is entitled to receive from the trust; and
 - Making any distribution to those former creditors in their capacity as beneficiaries of the trust.

14.3 Use of the Creditors' Trust

The Administrators consider that the use of the Pager Partners Creditors' Trust in the external administration of the Company is appropriate.

It is necessary for a creditors' trust to be established to obtain value for Creditors. The market will not contemplate any recapitalization of a listed company without a quick exit from external administration. This would not be

possible without the use of a creditors' trust. The Administrators consider that this is a compelling commercial reason why the Pager Partners Creditors' Trust is appropriate in the external administration of the Company and should be supported by the Creditors.

In forming the above view as to the appropriateness of the Pager Partners Creditors' Trust, the Administrators have also considered the following:

- The Creditors' claims against the Company will not be extinguished until the contributions from Pager Partners (both money and shares) are paid into the Pager Partners Creditors' Trust;
- The Administrators can reasonably estimate the value of the funds and the estimated return to Creditors and therefore avoid the need for any complex adjudication process; and
- The Administrators are the proposed trustees of the Pager Partners Creditors' Trust. The Administrators have previously dealt with similar creditors' trusts and have the requisite qualifications, skills and experience to perform the required duties and functions as trustees.
- The legal claims currently being pursued against Directors of the Company (Cruickshank and Shoemaker) will remain with the creditors' trust and will be pursued by the Deed Administrators.

14.4 Further Information about the Pager Partners Creditors' Trust

The following information is designed to help Creditors understand the legal and practical implications the establishment of the Pager Partners Creditors Trust.

14.4.1 Reasons why the Creditor Proposal involves a Creditors' Trust

- As noted above, it is necessary for a creditors' trust to be established under the Pager Partners Creditor Proposal to obtain value for Creditors. The market will not contemplate any recapitalization of a listed company such as AEL without a quick exit from external administration. This would not be possible without the use of a creditors' trust.
- Recapitalizing the Company is in the interests of Creditors as the associated distribution to Creditors will provide a greater, more certain and more timely return than that which may be received if the Company is wound up.

14.4.2 Key events

If Creditors resolve that the DOCA is to be pursued at the forthcoming Second Meeting of Creditors, the following events will occur:

- The Pager Partners DOCA will be executed;
- The Directors will be removed and nominees of Pager Partners will be appointed as directors of the Company;
- Pager Partners will take steps, at their cost, to fulfill all conditions precedent including the cost of convening and holding a meeting of Shareholders for the purposes of voting on the proposed recapitalization of the Company;
- On satisfaction (or waiver) of the conditions precedent the following will occur simultaneously:
 - The Pager Partners Creditors' Trust will be settled, and the Administrators will become the trustees of the trust;
 - The contributions from Pager Partners will be paid into the Pager Partners Creditors' Trust;
 - The DOCA will be fully effectuated and all rights of Creditors against the Company will be extinguished;
 - Upon creation of the Pager Partners Creditors' Trust, all participating Creditors' claims which are bound by the DOCA will be converted from a claim against the Company and a right to prove as a creditor in the DOCA to the right to participate as a beneficiary under the Pager Partners Creditors' Trust. The effect of this is that all Creditors' rights against the Company are released and Creditors' only recourse is as a passive beneficiary of the Pager Partners Creditors' Trust;
 - Control of the Company will pass to the new directors appointed by Pager Partners;

- The Company will cease to be externally administrated and will no longer be required to use the notification 'Subject to Deed of Company Arrangement' on public documents; and
- A distribution to the beneficiaries of the Pager Partners Creditors' Trust may be made. The Administrators consider that this will occur no later than 2 months from the establishment of the Pager Partners Creditors' Trust.

14.4.3 Return to Creditors

The forecast return to Creditors under the Pager Partners Creditors' Trust is discussed in Section 15 of the Report.

14.4.4 Trustee Particulars

As noted previously, it is intended that the Administrators will become the trustees of the Pager Partners Creditors' Trust.

The Administrators are registered liquidators and have the relevant skills and experience to perform the required duties and functions.

The Administrators consider that there is no conflict of interest in them acting as trustees of the Pager Partners Creditors' Trust.

The Administrators consider that they have adequate civil liability insurance (including professional indemnity insurance and fidelity) to cover conduct by them in their capacity as trustees of the proposed trust.

14.4.5 Remuneration and Expenses

It is intended that the fees, costs and expenses of the trustees will be paid from the Pager Partners Creditors' Trust.

Indemnities

The Pager Partners Creditors' Trust will provide that the trustees are indemnified out of the assets of the trust fund for their fees, costs and expenses in the same way that a DOCA would provide that deed administrators are indemnified out of the assets of a deed fund.

Powers

It is intended that trustees will have the power to do all things in relation to the Pager Partners Creditors' Trust that deed administrators would be empowered to do in relation to a company under a DOCA.

Claims

The Creditor Claims will be dealt with in accordance with the terms of the DOCA and the Pager Partners Creditors' Trust. The values of the claims are to be determined by the trustees. The trustees will have unrestricted and free access to all the books and records of the Company necessary to determine claims.

The Creditors' priorities (as beneficiaries of the trust) will follow the priorities set out in s556 of the Act.

Other Creditor / Beneficiary differences

Upon creation of the Pager Partners Creditors' Trust all participating Creditors' Claims which were bound by the DOCA will be converted from a claim against the Company and a right to prove as a creditor in the DOCA to the right to participate as a beneficiary under the trust fund. The effect of this is that all Creditors' rights against the Company are extinguished and Creditors' only recourse is as a passive beneficiary of the trust fund.

Other than what is already provided for in this report, should the terms of the Pager Partners Creditor Proposal cause the protections and rights that Creditors have to be materially different from those they have under a DOCA, notice of these material differences will be provided to Creditors for their consideration at or prior to the forthcoming Meeting of Creditors.

Compliance Opinion

The Administrators' investigations to date have not identified any circumstance in which Pager Partners has not, in previous dealings with other creditor bodies, complied with their obligations to the trustees of a

Creditors' Trust. As such, the Administrators are satisfied that Pager Partners are capable and are likely to comply with the terms of the Pager Partners Creditor Proposal and their obligations to the trustees.

Solvency Statement

The Administrators have formed the opinion that the Company will be solvent at the date of effectuation of the DOCA, if the DOCA is wholly effectuated on the terms proposed, as all claims of Creditors' will be extinguished against the Company and will be transferred to the Pager Partners Creditors' Trust. We also understand that Pager Partners will provide funds to the Company to allow the Company to pay its future debts as and when they become due and payable.

14.5 Further Information

If Creditors require any further information about the concept of a creditors' trust, ASIC has prepared a Regulatory Guide entitled "External Administration: Deeds of company arrangement involving a creditors' trust". The guide is available from the ASIC website at www.asic.gov.au.

15. Estimated Return to Creditors

The Administrators have prepared a summary of the estimated return to creditors from the administration based on a number of scenarios, namely:

- Liquidation (Low and Best case scenarios); and
- DOCA (Low, Likely and Best case Scenarios)

A full version of the estimated return appears in Schedule 6. A summary is provided in Table 32 below:

Table 32: Estimated Return to Creditors					
	Liquidation Low Case Scenario	Liquidation Best Case Scenario	DOCA Low Case Scenario	DOCA Likely Case Scenario	DOCA Best Case Scenario
	AUD\$	AUD\$	AUD\$	AUD\$	AUD\$
Quantum of unsecured creditors	48,110,152	48,110,152	48,110,152	48,110,152	48,110,152
Estimated dividend to unsecured creditors	75,550	2,475,675	385,550	1,249,724	2,875,675
Estimated return to unsecured creditors (cents in the dollar)	Nil	5.15	0.80	2.60	5.98

Due to the ongoing sale processes being conducted, there is some uncertainty in relation to the outcomes that will be achieved. It is also important that the statement be read in conjunction with the supporting notes and those shown below.

The Administrators note the following:

- Any return for unsecured creditors in a liquidation scenario is heavily reliant on voidable transaction recoveries (preference and insolvent trading claims), which at this stage are uncertain;
- Voidable transaction recoveries by their nature are often subject to lengthy and complex litigation, and are therefore costly and highly speculative, and will likely require funding by creditors or a litigation funder who will take a large proportion of any successful recovery;
- The Administrators have been unable to estimate any dividend that may be payable in any of the eventual liquidations as investigations are only preliminary. A number of variables exist that cannot be fully factored in and are beyond the control of any liquidator.

16. Administrators' Opinion on the Alternatives Available to Creditors

The Act requires the Administrators to present their opinion with reasons on whether it is in the Creditors' interests to pass one of the three resolutions available to Creditors at the Second Meeting of Creditors as detailed at Section 4.1, namely:

- The Company execute a DOCA;
- The Administrations end; or
- The Company is wound up.

The future of the Company is not dependent on each other and should be considered independently. Separate resolutions will be put forward at the forthcoming meeting of creditors to determine the future of the Company.

Each of the options is commented on below.

16.1 The Company executes a DOCA

The Administrators recommend that the creditors of the Company resolve to execute the DOCA which has been proposed by Pager Partners as detailed in Section 13 and Schedule 8. The key reason for the recommendation is that the DOCA provides a better overall return (additional \$500k) than a liquidation scenario. Additionally, the DOCA provides a likely higher return than a liquidation and more certainty of a return.

16.2 The Administration Ends

The Administrators do not recommend that the Creditors resolve that the Administration ends.

The Company insolvent and cannot meet its liabilities as and when they fall due and therefore this option is not viable for the creditors of the Company.

16.3 The Company be Wound Up

Having regard to all the circumstances of the Company's affairs, as have been described in this report, the Administrators do not recommend that the Company be wound up. Although there are a number of courses of action available to a liquidator in relation to investigations, it is highly uncertain what recoveries would be available to a liquidator. The most likely return to creditors in a liquidation scenario is nil.

16.4 Adjournment of the Second Meeting of Creditors

Creditors are entitled to adjourn their decision on the future of the Company for up to 45 business days. In reaching their decision on what resolutions to pass on that date, Creditors must give consideration to whether an adjournment will lead to a DOCA Proposal being formulated which will provide Creditors with a greater, timelier and more certain return than they would receive if the Company are wound up. We do not recommend an adjournment of the meeting as the information available to the creditors in the Report and recommendations are unlikely to change following an adjournment.

16.5 Administrators' Opinion and Recommendation

Given the matters discussed in this Report and the absence of any DOCA proposal, the Administrators make the following comments and recommendations:

- (i) It is recommended that creditors accept the DOCA proposal from Pager Partners
- (ii) The Company is insolvent and it is not in the interest of creditors for the Administrators to end; and
- (iii) There will also be a sale of the assets of AEC which may result in a small return to unsecured creditors.

17. Receipts and Payments

A summary of the Administrators' receipts and payments for AEL is detailed at Schedule 6.

18. Remuneration of Administrators

18.1 Work undertaken

The work completed by the Administrators to date has included but is not limited to the following since their appointment:

- Attended the Company' offices and inspected (and where appropriate removed) the books of the Company;
- Attended the First Meeting of Creditors of the Company;
- Attended to the preparation of affidavits and other materials relevant to seeking an extension of the convening period pursuant to Section 439A(6) of the Act;
- Assessed the current and historical financial position of the Company;
- Met with the Directors and key staff and attended to queries;
- Attended to queries from creditors of the Company;
- Examined and investigated the financial position of the Company and the Directors;
- Convened the Second Meeting of Creditors;
- Investigated the reasons for the failure of the Company;
- Investigated and identified prospective claims that a liquidator may be able to bring for the benefit of unsecured creditors; and
- Prepared this Report.

Further details relating to the work undertaken is included in the Administrators Remuneration Report that is included in this circular.

18.2 Remuneration sought

The Administrators will request that Creditors pass resolutions to approve the drawing of their past and future remuneration out of the assets of the Company at the Second Meeting of Creditors. A summary of the remuneration being sought in relation to each of the Company is provided below:

The Remuneration Reports (which accompanies this Report) provide details of:

- (a) The nature and cost of the work undertaken by the Administrators in the period from 10 May 2016 to 21 November 2016;
- (b) The nature and estimated cost of the work which may be undertaken by the Administrators in the period from 22 November 2016 to 2 December 2016;
- (c) The work and estimated cost of the work which may be undertaken by the Administrators in the period from 2 December 2016 to the date the DOCA is executed, on the assumption that Creditors resolve that the Company enters into a DOCA at the Second Meeting of Creditors.
- (d) The work and estimated cost of the work which may be undertaken by the Deed Administrators in the period from the date the DOCA is executed to the termination of the DOCA, on the assumption that Creditors resolve that the Company enters into a DOCA at the Second Meeting of Creditors.

- (e) The work and estimated cost of the work which may be undertaken by the Liquidators in the period from 2 December 2016 on the assumption that Creditors resolve that the Company be wound up at the Second Meeting of Creditors.
- (f) The nature and cost of the work undertaken by the Former Administrators in the period from 28 April 2016 to 10 May 2016;
- (g) The wording of resolutions which the Administrators will request the Creditors to pass with respect to remuneration; and
- (h) The basis on which the Administrators are entitled to draw their remuneration from the assets of the Company.

The Administrators' remuneration is calculated by reference to the hourly rates of FTI Consulting which were distributed with the Initial Circular to Creditors and which are also included in the Remuneration Report.

19. Questions, Feedback and Information

Please contact the office of FTI Consulting if you would like an electronic copy of this report.

Should you have any queries in this matter or be able to provide information which may be of assistance please contact Liam Healey or Jonathan Chee on (02) 8247 8000 or email jonathan.chee@fticonsulting.com.

Yours faithfully



Quentin Olde
Joint & Several Administrator

Schedule 1: Glossary

Glossary	
A&D	Acquisitions and Divestitures
Act	Corporations Act 2001
Administrators	Quentin James Olde and Michael Joseph Ryan
AEC	Antares Energy Company – Delaware incorporated subsidiary
AEL	Antares Energy Limited (Administrators Appointed)
Appointment Date	10 May 2016
ARITA	Australian Restructuring, Insolvency and Turnaround Association
ASIC	Australian Securities and Investments Commission
ASX	Australian Stock Exchange
AUD	Australian Dollar
AZZ	Antares Energy Limited (Administrators Appointed)
Breitburn	BreitBurn Energy Partners L.P.
Committee of Creditors	A small group of creditors, or their representatives, often appointed by the creditors of a company at the first meeting in a voluntary administration. The committee's role is to consult with the voluntary administrator and to receive and consider reports by the voluntary administrator. The committee may be called upon to approve the voluntary administrator's fees. The voluntary administrator must report to the committee when it reasonably requires.
Committee of Inspection	A small group of creditors and shareholders, or their representatives, often appointed by the creditors and shareholders of a company in liquidation to assist the liquidator. The committee is often called on to approve the liquidator's fees and sometimes to approve the compromise of debts or the entry into contracts extending beyond three months by the liquidator.
Company	Antares Energy Limited (Administrators Appointed)
Convening Period	20 business days after the date of the appointments
Court	Supreme Court of NSW
Deed Administrator	The external administrator appointed to oversee a deed of company arrangement.
Directors	James Cruickshank, Greg Shoemaker, Vicky McAppion and Mark Clohessy
Declaration of Independence, Relevant Relationships and Indemnities (DIRRI)	Declaration of Independence, Relevant Relationships and Indemnities prepared in accordance with Section 436DA of the Act. A declaration that must be provided by a voluntary administrator informing creditors about certain relationships and indemnities provided (if any). The declaration provides information to enable creditors to make an informed decision about whether they wish to replace the administrator over concerns about independence.
Deed of Company Arrangement (DOCA)	A binding arrangement between a company and its creditors governing how the company's affairs will be dealt with, which may be agreed to as a result of the company entering voluntary administration. Aims to maximise the chances of the company, or as much as possible of its business, continuing, or to provide a better return for creditors than an immediate winding up of the company, or both.

Glossary

Eligible employee creditor	A creditor (including the Australian Taxation Office in respect of the superannuation guarantee charge) who, in a winding up of a company, would normally be paid their employment-related entitlements in priority to other unsecured debts. These creditors are given a special right to vote on a deed of company arrangement proposal that seeks to modify their priority.
Excluded employee	An employee who has also been a director of the company, or a relative of a director, at any time in the 12 months before the appointment of an external administrator. Excluded employees are entitled to only limited priority for repayment of their outstanding entitlements.
EOI	Expressions of Interest
First Meeting	First meeting of creditors on 10 May 2016
Former Administrators	Bryan Kevin Hughes and Daniel Johannes Bredenkamp of Pitcher Partners
FTI Aus	FTI Consulting (Australia) Pty Ltd
FTI Consulting	FTI Consulting (Australia) Pty Ltd
FY13	Financial year 1 January 2013 to 31 December 2013
FY14	Financial year 1 January 2014 to 31 December 2014
FY15	Financial year 1 January 2015 to 31 December 2015
FTI US	FTI Consulting, Inc.
GST	Goods and Services Tax
Insolvent	Unable to pay all debts when they fall due for payment
KLR	KLR Group
M&A	Merger and Acquisition
Macquarie NPI	Macquarie Bank Limited Net Profit Interest royalty
MMBoe	Million Barrels of Oil Equivalents
Noteholders	Convertible noteholders of Antares Energy Limited
Officers	Company directors as per ASIC company search
OGC	Oil and Gas Clearinghouse auction process
Oil and Gas Properties	Northern Star and Big Star acreage
P&A	Plug and Abandon
Permian Assets	Northern Star and Big Star projects
Permian Basin	A sedimentary basin largely contained in the western part of the U.S. state of Texas and the southeastern part of the U.S. state of New Mexico
PIC	Pay if you can
PPSA	Personal Property Securities Act 2009 (Cth)
PPSR	Personal Property Securities Register being the register recording security interests established under the PPSA
Proof of debt	A prescribed form to be completed by creditors at the Administrators' request, setting out details of their claim against the company, including how the debt arose and the amount claimed.

Glossary

Proxy	A person appointed by another person to represent them at a meeting. A proxy is usually entitled to attend and vote on behalf of the person who appointed them. In an external administration, the appointer is usually a creditor or shareholder.
RATA	Report as to Affairs prepared by the Director in accordance with Section 438B of the Act
REA	Riviera Ensley Energy Advisers
Santa	Santa Energy Pty Ltd
Second Meeting	The Second Meeting of Creditors convened in accordance with Section 439A of the Act convened for 2 December 2016
The Group	Antares Energy Limited (Administrators Appointed) and associated entities
Tres Amigos	The marketing of Big Star assets in conjunction with KLR and two other firms
Unsecured Creditors	A creditors who does not hold security over assets of the Company
US	United States of America
USD	United States Dollar
Wade Energy	Wade Energy Corporation
WTG	WTG Gas Processing L.P.

Schedule 2: Court Order – Extension of Convening Period

Form 43
UCPR 36.11

Issued: 25 May 2016 11:24 AM

JUDGMENT/ORDER**COURT DETAILS**

Court	Supreme Court of NSW
Division	Equity
List	Corporations List
Registry	Supreme Court Sydney
Case number	2016/00159205

TITLE OF PROCEEDINGS

First Plaintiff	Quentin James Olde (capacity as voluntary administrator of Antares Energy Limited (administrators appt))
Second Plaintiff	Michael Joseph Ryan (capacity as voluntary administrator of Antares Energy Limited (administrators appt))

Corporation subject of the proceeding	Antares Energy Limited (administrators appointed)
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DATE OF JUDGMENT/ORDER

Date made or given	25 May 2016
Date entered	25 May 2016

TERMS OF JUDGMENT/ORDER

Upon the undertaking of David James Walter solicitor to pay the appropriate filing fees, THE COURT GRANTS LEAVE to Quentin James Olde and Michael Joseph Ryan in their capacities as voluntary administrators of Antares Energy Limited to file an originating process in the form initialled by me, dated this day and placed with the papers and DIRECTS that the originating process be returnable instant.

THE COURT ORDERS THAT:

1. Pursuant to Corporations Act, s 439A(6), the convening period for the meeting of the creditors of Antares Energy Limited required to be held under s 439A be extended to 26 November 2016
2. Pursuant to Corporations Act, s 447(A)(1), Part 5.3A of the Act is to operate with respect to Antares Energy Limited such that the meeting of the creditors required by s 439A may be held at any time during or within 5 business days after the end of the convening period as extended by order 1, notwithstanding the provisions of s 439A(2)
3. The plaintiff within 2 business days of the making of these orders must cause these orders to be published on any website maintained by the administrators in respect of the administration of Antares Energy Limited, and to be emailed to the creditors of Antares Energy Limited
4. Any person including any creditor of Antares Energy Limited and the Australian Securities and Investments Commission who can demonstrate sufficient interest have liberty to apply on 3 days' notice to vary or set aside these orders
5. The plaintiffs have liberty to apply to the Court for a further extension of the convening period prior to 26 November 2016
6. The plaintiffs' costs of these proceedings be costs in administration of the company
7. These orders are to be entered forthwith.

SEAL AND SIGNATURE

NL0009052006

Page 1 of 2



Signature N. Langi (L.S.)
Capacity Chief Clerk
Date 25 May 2016

If this document was issued by means of the Electronic Case Management System (ECM), pursuant to Part 3 of the Uniform Civil Procedure Rules (UCPR), this document is taken to have been signed if the person's name is printed where his or her signature would otherwise appear.

Schedule 3: DIRRI

Antares Energy Limited ACN 009 230 835 (Administrators Appointed) (“the Company”)

DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS, AND INDEMNITIES

This document requires the Practitioner(s) appointed to an insolvent entity to make declarations as to:

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

This declaration is made in respect of us, Quentin James Olde and Michael Joseph Ryan, our fellow Senior Managing Directors, and FTI Consulting (Australia) Pty Ltd (“**FTI Consulting**” or “**Firm**”) and associated entities.

A. INDEPENDENCE

We, Quentin James Olde and Michael Joseph Ryan of FTI Consulting, have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Joint and Several Administrators of the Company in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

B. DECLARATION OF RELATIONSHIPS

i. Circumstances of appointment

In October 2015, FTI Consulting approached The Trust Company Limited (Perpetual Limited) (“**the Trustee**”), the trustee of the convertible notes on issue by the Company, in relation to the notes, following a recommendation from FIIG Securities Limited. We did not meet with the Trustee at that time.

In April 2016, Quentin Olde was asked to meet with John Corr from Aurora Funds Limited (“**Aurora**”), a substantial noteholder and his adviser Adam Schlipalius from the Macquarie Group to discuss the matter. Mr Olde had not previously met Mr Corr. The informal meeting occurred on 26 April 2016. Following the meeting, Mr Olde provided a credential document to Mr Corr.

Following the appointment of the Voluntary Administrators (“**VA**”) on 28 April 2016, Daniel Rose of the Trustee contacted Quentin Olde and asked for FTI Consulting’s credentials to act as VA which were provided.

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On 3 May the Trustee advised Mr Olde that the noteholders wished us to consider consenting to act as VA to replace Bryan Hughes and Daniel Bredenkamp of Pitcher Partners as VA at the first meeting of creditors of the Company.

From Tuesday 3 May until the date of this document there have been a number of phone calls and email communications with Daniel Rose of the Trustee, John Corr of Aurora, and David Walter of Baker and MacKenzie, the solicitor acting for the Trustee, for the purposes of preparation of consents and planning for the role as replacement VA.

In our opinion, the abovementioned communications including several phone calls and a meeting do not affect our independence for the following reasons:

- (a) The Courts and relevant professional bodies recognise the need for practitioners to explain the insolvency process to parties with an interest in the process and do not consider that such explanation results in a conflict or is an impediment to accepting the appointment;
- (b) The nature of the explanations provided by FTI Consulting are such that they would not be subject to review and challenge during the course of our appointment;
- (c) The meeting and telephone conversations will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the appointment as Joint and Several Administrators of the Company in an objective and impartial manner.

We have provided no other information or advice to the noteholders, the Trustee, or related parties, the Company, its directors and advisors nor any other party or parties prior to our appointment beyond that outlined in this DIRRI.

ii. Relevant Relationships (excluding Professional Services to the Insolvent)

We have had within the preceding 24 months, a relevant relationship with the following entities:

Name	Nature of relationship	Reasons
FIIG Securities Limited	FIIG in its capacity as a significant noteholder provided a recommendation to the Trustee to engage with FTI Consulting to explore the possibility of them acting as a financial advisor in October 2015.	We believe that this relationship does not result in a conflict of interest or duty as FTI Consulting has not previously undertaken work for FIIG in relation to the Company or any other matters and ultimately was not engaged to provide any services.

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Name	Nature of relationship	Reasons
The Trust Company Limited (Perpetual Limited)	Following a recommendation from FIIG, the Trustee engaged with FTI Consulting to explore the possibility of them acting as a financial advisor in October 2015. FTI Consulting was not appointed as an adviser at this time.	Perpetual Limited has previously engaged FTI Consulting, and the Senior Managing Directors of FTI Consulting to provide business advisory, consulting and insolvency services from time to time. We do not consider that our previous professional relationship with Perpetual Limited precludes us from accepting an appointment as administrators. We remain capable of discharging all of the statutory duties that we owe to the creditors of the Companies when taken as a whole as required by the Corporations Act.
Aurora Funds Management Limited	In April 2016, Quentin Olde had a number of phone calls with John Corr from Aurora resulting in a meeting on 28 April with Mr Corr and his adviser Adam Schlipalius from the Macquarie Group, to discuss the matter.	We believe that this relationship does not result in a conflict of interest or duty as FTI Consulting has not previously undertaken work for Aurora in relation to the Company or any other matters.
Other noteholders	FTI Consulting may provide business advisory, consulting and insolvency services from time to time and this may be provided to some of the noteholders. These services may be provided globally and do not relate to the Company.	We believe that any relationships that exist do not result in a conflict of interest or duty because the other services that FTI Consulting provides to parties are wholly unrelated to the Company and will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with our appointment as administrators of the Company in an objective and impartial manner.

iii. Prior Professional Services to the Insolvent

Neither we nor our Firm have provided any professional services to the Company in the previous 24 months.

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iv. No other relevant relationships to disclose

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

C. Indemnities and up-front payments

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



Quentin James Olde



Michael Joseph Ryan

Date: 06 May 2016

NOTE:

1. If circumstances change, or new information is identified, I am/we are required under the Corporations Act 2001 and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors with my/our next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors.
2. Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.

Schedule 4: Directors and Secretaries

Current and Former Directors and Secretaries			
Name	Position	Appointed	Ceased
Gregory David Shoemaker	Current Director	16/10/2009	
Mark Gerard Clohessy	Current Director	16/10/2009	
James Andrew Cruickshank	Current Director	8/10/2004	
Vicky Ann McAppion	Current Director	16/10/2009	
Graeme Ian Smith	Current Secretary	24/06/2013	
Kelli Lynn Roach	Former Director	3/01/2012	30/04/2014
Matthew David Gentry	Former Director	16/10/2009	15/01/2013
Richard Alden Elliott	Former Director	6/07/2001	16/10/2009
William Ralph Boucher Hassell	Former Director	3/09/2004	30/06/2008
Howard Mark McLaughlin	Former Director	29/07/2003	30/06/2008
Fraser David Campbell	Former Director	26/03/2002	01/04/2008
Gavin John Rezos	Former Director	17/10/2001	23/11/2004
Anthony Peter Barton	Former Director	5/06/2002	24/11/2003
Peter Donald Allchurch	Former Director	24/11/1989	25/08/2003
Michael Gerrard Blakiston	Former Director	27/11/2000	26/03/2002
Eric Edward Hughes	Former Director	18/12/1997	17/05/2001
Roger Duncan Macliver	Former Director	18/08/1987	17/05/2001
Ian Mark Paton	Former Director	17/11/1993	18/09/2000
Anthony Rechner	Former Director	17/11/1993	10/02/1998
Michael Gerrard Blakiston	Former Director	30/11/1990	22/02/1994
Leslie Sidney George Emery	Former Director	21/05/1987	18/08/1987
Vicky Ann Mcappion	Former Secretary	16/10/2009	24/06/2013
Hubert Lennerts	Former Secretary	04/11/2008	16/10/2008
David James Rich	Former Secretary	8/07/2002	08/12/2008
Eric Edward Hughes	Former Secretary	4/05/2001	08/07/2002
Roger Duncan Macliver	Former Secretary	18/08/1987	17/05/2001
Gary Christian Steinepreis	Former Secretary	27/11/2000	04/05/2001
Michael Gerrard Blakiston	Former Secretary	21/05/1987	17/01/1994

Schedule 5: Acreage Data and Trading

ANTARES ENERGY COMPANY'S NORTHERN STAR LAND HOLDINGS - DAWSON COUNTY, TEXA						
Date	Acreage Held by Production	Potential Acreage Loss	Acres Unavailable for Extension	Acres Available for Extension Option	Option Cost to Extend	
11/30/16	1349.13	0.00	0.00	0.00	n/a	
12/31/16	1349.13	0.00	0.00	0.00	n/a	
1/31/17	1349.13	0.00	0.00	0.00	n/a	
2/28/17	1349.13	0.00	0.00	0.00	n/a	
3/31/17	1349.13	13.28	0.00	13.28	\$5,314	
4/30/17	1349.13	9.57	0.00	9.57	\$3,350	
5/31/17	1349.13	0.00	0.00	0.00	n/a	
6/30/17	1349.13	177.12	0.00	177.12	\$88,560	
7/31/17	1349.13	0.00	0.00	0.00	n/a	
8/31/17	1349.13	4605.12	4605.12	0.00	n/a	
9/30/17	1349.13	0.00	0.00	0.00	n/a	
10/31/17	1349.13	0.00	0.00	0.00	n/a	
11/30/17	1349.13	813.93	714.38	99.55	\$14,933	
12/30/17	1349.13	118.03	14.14	103.89	\$41,639	
1/31/18	1349.13	832.70	832.70	0.00	n/a	
2/28/18	1349.13	13.63	7.03	6.60	\$1,081	
3/31/18	1349.13	14.55	0.00	14.55	\$2,183	
4/30/18	1349.13	177.12	177.12	0.00	n/a	
5/31/18	1349.13	0.00	0.00	0.00	n/a	
6/30/18	1349.13	0.00	0.00	0.00	n/a	
7/31/18	1349.13	0.00	0.00	0.00	n/a	
8/31/18	1349.13	0.00	0.00	0.00	n/a	
9/30/18	1349.13	1.27	0.00	1.27	\$191	
10/31/18	1349.13	0.00	0.00	0.00	n/a	
11/30/18	1349.13	0.00	0.00	0.00	n/a	
12/31/18	1349.13	0.00	0.00	0.00	n/a	
1/31/19	1349.13	354.24	0.00	354.24	\$88,560	
	1349.13	7130.56	6350.49	780.07	\$245,811	

ANTARES ENERGY COMPANY'S BIG STAR LAND HOLDINGS - DAWSON COUNTY, TEXAS					
Date	Acreage Held by Production	Potential Acreage Loss	Acres Unavailable for Extension	Acres Available for Extension Option	Option Cost to Extend
11/30/16	356.00	48.42	48.42	0.00	N/A
12/31/16	356.00	0.91	0.91	0.00	N/A
1/31/17	356.00	0.00	0.00	0.00	N/A
2/28/17	356.00	0.00	0.00	0.00	N/A
3/31/17	356.00	0.00	0.00	0.00	N/A
4/30/17	356.00	0.00	0.00	0.00	N/A
5/31/17	356.00	0.00	0.00	0.00	N/A
6/30/17	356.00	0.00	0.00	0.00	N/A
7/31/17	356.00	0.00	0.00	0.00	N/A
8/31/17	356.00	0.00	0.00	0.00	N/A
9/30/17	356.00	0.00	0.00	0.00	N/A
10/31/17	356.00	0.00	0.00	0.00	N/A
11/30/17	356.00	0.00	0.00	0.00	N/A
12/30/17	356.00	955.27	0.00	955.27	\$193,438
1/31/18	356.00	458.79	180.00	278.79	\$32,312
2/28/18	356.00	542.11	43.07	499.04	\$97,991
3/31/18	356.00	2166.05	33.33	2132.72	\$612,758
4/30/18	356.00	447.89	371.85	76.04	\$10,810
5/31/18	356.00	285.59	0.00	285.59	\$54,088
6/30/18	356.00	0.00	0.00	0.00	N/A
7/31/18	356.00	474.33	307.09	167.24	\$23,797
8/31/18	356.00	178.61	0.28	178.33	
9/30/18	356.00	200.23	83.33	116.90	
10/31/18	356.00	160.00	0.00	160.00	
	356.00	5918.20	1068.28	4849.92	\$1,025,194

The wellbores on the Northern Star project have already been addressed above, but Big Star includes five wellbores, most of which are non-producing. There has been limited interest in the Big Star assets through the most recent Riviera-Ensley brokered Tres Amigos sales process. As a result, at this point, we anticipate that the Big Star leases and wells will remain with the ASX shell.

ANTARES ENERGY COMPANY
NET LEASE OPERATING STATEMENT - AUG 2015 THROUGH JULY 2016
PRODUCTION DATE ACCOUNTING FORMAT - 11/17/16

Note: Excludes properties that have minor activity due to abandonment or sale. Also excludes corporate overhead, since a property level Profit & Loss Statement.

*** NET LOS DATE: 17-Nov-16
ANTARES ENERGY COMPANY TOTAL
BY PRODUCE THROUGH 07/31/2016

*** SUMMARY TOTALS OF ALL COST CENTERS ***

	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	12 MONTHS TOTAL	LIFETIME CUM-TO-DATE
OIL SALES														
VOLUME (BBLs)	1,382	1,155	1,502	1,175	1,430	1,456	1,325	1,325	947	1,152	932	635	925	236,327
REVENUE (\$)	56,431	50,570	67,217	46,240	46,655	40,338	35,682	31,612	42,133	39,677	38,787	28,787	38,288	15,359,318
PRICE PER BBL	40.83	43.8	44.76	39.35	32.63	28.11	26.93	33.37	36.56	42.56	43.35	41.4	41.4	81.92
WELL LIQUID SALES - Wt														
VOLUMES (GALLONS)	597	329	468	430	495	362	377	312	312	265	165	298	285	59,198
REVENUE (\$)	136	93	127	118	109	71	72	76	76	69	71	32	35	34,686
PRICE PER GALLON	0.26	0.28	0.27	0.27	0.22	0.2	0.19	0.25	0.25	0.26	0.43	0.31	0.26	1.6
GAS SALES														
VOLUME (MCF)	724	1,216	1,151	977	952	864	47	964	907	907	829	495	977	669,822
REVENUE (\$)	1,889	3,905	3,038	2,893	2,463	1,925	91	2,417	2,520	2,576	1,536	3,251	3,251	3,536,465
PRICE PER MCF	2.54	2.72	2.63	2.87	2.59	2.23	1.96	2.51	2.78	3.11	3.11	3.1	3.33	5.28
TOTAL OPER REVENUES	58,425	53,968	70,372	49,161	49,226	42,534	35,846	34,108	44,722	42,324	30,416	41,614	553,114	22,990,419
PRODUCTION TAXES	2,729	2,569	3,322	2,338	2,332	2,029	1,650	1,636	2,118	2,020	1,436	2,004	2,004	1,124,684
NET OIL & GAS REVENUES	55,696	51,400	67,050	46,823	46,894	40,505	34,196	32,472	42,604	40,304	28,979	39,610	526,934	21,865,735
PRODUCING OVERHEAD INCOME	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUES	55,696	51,400	67,050	46,823	46,894	40,505	34,196	32,472	42,604	40,304	28,979	39,610	526,934	21,865,735
LEASE OPERATING EXPENSES														
FUEL WATER, LUBRICATION	0	238	0	238	0	238	0	238	0	275	0	0	0	36,810
SWD/POLLUTION CONTROL	12,397	9,758	18,206	16,618	18,140	16,933	15,258	16,691	9,707	3,763	8,308	1,309	1,309	2,082,207
WELL SERVICE/WORKOVER	0	345	0	0	0	0	0	4,320	0	1,015	280	0	0	318,787
COMPRESSOR EXPENSES	0	0	0	0	0	0	0	0	0	0	0	0	0	214,763
TREATING EXPENSES	10,632	7,099	9,257	5,594	8,208	4,951	8,832	9,061	10,406	5,401	3,648	1,326	1,326	422,788
EQUIPMENT RENTAL	0	0	550	0	0	0	0	0	0	0	0	0	0	164,427
REPAIRS AND MAINTENANCE	23,036	1,157	904	445	2,314	1,928	1,001	719	445	1,103	12,846	0	0	550
CONTRACT PUMPING SERVICES	4,850	4,826	4,670	4,768	4,670	4,670	4,670	4,670	4,400	570	4,658	4,400	4,400	45,900
SUPERVISION	5,119	108	108	108	231	108	108	108	108	108	108	5,055	0	51,822
OVERHEAD	658	658	658	658	658	658	658	658	658	135	637	637	0	417,066
METERING	0	0	0	0	0	0	0	0	0	0	0	0	0	158,418
PROFESSIONAL FEES	6,790	5,500	10,505	5,000	5,500	7,890	5,500	5,500	5,500	6,407	6,757	5,850	76,699	583,251
PRODUCING OVERHEAD	0	0	0	0	0	0	0	0	0	0	0	0	0	645
OTHER LOE EXPENSE	9,359	7,127	35,196	7,362	126,330	7,768	6,783	8,285	13,114	7,378	11,765	3,707	8,486	2,086,255
MARKETING, TRANS, GATH, CO	0	0	0	0	0	0	0	0	137	0	0	0	0	66,986
AD VALOREM TAXES	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL OPERATING EXPENSES	72,842	36,816	95,041	42,232	86,607	45,144	42,810	50,250	43,844	26,656	53,954	16,592	439,574	7,600,947
NET OPERATING INCOME	17,146	14,584	27,991	4,591	135,502	4,239	8,614	17,778	1,240	13,648	24,974	23,018	87,360	14,264,788
CAPEX	85,460	100,000	60,059	281,204	2,183	361,550	0	2,536	0	2,125	500	0	895,617	74,163,509

Schedule 6: Receipts and Payments

Statement of Receipts and Payments 10-May-16 to 24-Nov-16	
Item	AUD (Incl GST)
Sale - Plant and Equipment	44,230
Annual Fees	(27,500)
Auctioneer's Charges	(1,811)
Data Room Fees	(550)
Storage	(1,138)
ATO Payment	(1,163)
Registrar's Fees	(440)
Total	11,628

Schedule 7: Estimated Statement of Position

Antares Energy Limited (Administrators Appointed)						
Estimated Statement of Position						
USD/AUD	Line Item	Note	Liquidation Low Case Scenario	Liquidation Best Case Scenario	DOCA Low Case Scenario	DOCA Likely Scenario
1.32			AUD\$	AUD\$	AUD\$	AUD\$
AEC Realisations						
	Cash at bank at 18 November 2016 (AEC US accounts)	1	133,149	133,149	133,149	133,149
	Less estimated operating cash outflows	1	(133,149)	(113,478)	(133,149)	(113,478)
	Net Proceeds from Northern Star Leasehold Assignment	2	1,209,978	1,247,400	1,209,978	1,247,400
	Net Proceeds from Wellbore Sale	3	161,330	1,037,124	161,330	563,085
	Less					
	FTI Consulting (US operating fees)	4	(532,742)	(488,347)	(532,742)	(488,347)
	Other costs of sale	5	(13,070)	(13,070)	(13,070)	(13,070)
	Net AEC realisations to distribute to AEL		958,645	1,916,255	958,645	1,442,216
AEL Realisations						
Assets						
	Recapitalisation of AEL	6	-	-	500,000	500,000
	Cash at bank (AEL AUS accounts)	7	40,209	40,209	40,209	40,209
	Plant and machinery	8	-	-	-	-
	Debtors		-	-	-	-
	Other Assets		-	-	-	-
	Available funds		40,209	40,209	540,209	540,209
Potential Recoveries						
	Litigation claim against J. Cruickshank/G. Shoemaker	9	-	1,377,390	-	275,478
	D&O claim	10	Unknown	Unknown	Unknown	Unknown
	Available funds		-	1,377,390	-	275,478
	Estimated Asset Realisations		998,854	3,333,855	1,498,854	2,257,903
External Administration Costs (FTI Australia)						
	Estimated administration costs	11	(40,000)	(28,081)	(40,000)	(28,081)
	Estimated administration legal costs	12	(170,000)	(160,000)	(170,000)	(160,000)
	Estimated Administrators remuneration	13	(554,078)	(554,078)	(604,078)	(604,078)
	Estimated Administrators disbursements	14	(19,225)	(16,021)	(19,225)	(16,021)
	Estimated Deed Administrators remuneration	15	-	-	(200,000)	(150,000)
	Estimated Liquidators remuneration	15	(100,000)	(80,000)	-	-
	Estimated future legal costs	15	(40,000)	(20,000)	(80,000)	(50,000)
	Total External Administration Costs		(923,303)	(858,180)	(1,113,303)	(1,008,180)
	Estimated surplus/(shortfall) from Deed Fund / Asset realisations		75,550	2,475,675	385,550	1,249,724
	Total surplus funds available for distribution		75,550	2,475,675	385,550	1,249,724
	Quantum of unsecured creditors	16	48,110,152	48,110,152	48,110,152	48,110,152
	Estimated dividend available to unsecured creditors		75,550	2,475,675	385,550	1,249,724
	Estimated return to unsecured creditors (cents in the dollar)		Nil	5.15	0.80	2.60
Expected distribution break-down						
	Estimated dividend to Trust Company Limited	17	75,220	399,636	383,863	399,636
	Estimated dividend to Noteholders		-	2,065,206	-	844,619
	Estimated dividend to Other Unsecured Creditors		331	10,833	1,687	5,468
						12,583

Note 1: Cash at bank and estimated net operating cash outflows

AEC held bank accounts with Bank of America, Credit Suisse, JP Morgan and Macquarie Bank. The Administrators obtained control of these accounts on 22 May 2016 and the only funds identified was USD 187k in a Bank of America account. Additional funds were obtained through the sale of three motor vehicles owned by AEC (sale value of cUSD 97k). The cash at bank, motor vehicle realisations and trading revenue were utilised to continue trading AEC.

Estimate of net operating cashflow for short term AEC activities at 18 November 2016 are as follows:

Cash & Short Term Obligations	Date	Amount (USD)	FTI Comments
Cash Balance (Wells Fargo)	18/11/2016	100,870	
Aging Report Payables	17/11/2016	(48,039)	Approved but unpaid Invoices
DocView Report Payables	18/11/2016	(18,304)	Unapproved and unpaid invoices; excluding WTG payables
Royalties Due Landowners	31/10/2016	(19,625)	
Total cash less invoices and royalties		14,902	

Best case scenario: current estimate. **Low case scenario:** nil net operating cashflow estimate.

Note 2: Net proceeds from the Northern Star Leasehold Assignment

Received offer of USD 1.05m for the Northern Star raw lands. The Administrators expect that the Northern Star raw land sale will close no sooner than the first week of December 2016 and the sale price will not deviate from the offer price.

As detailed in section 5.9.2 of this report, KLR was engaged maintained on a commission basis of 3% of net proceeds from the sale. An additional 10% is deducted from net proceeds for Macquarie's net profits interest.

The expected returns are detailed in the table below all in USD:

	Low Case Scenario	Best Case Scenario	Low Case Scenario	Best Case Scenario
Northern Star Leasehold Assignment ("NSLA")	1,050,000	1,050,000	1,050,000	1,050,000
Less				
KLR commission (3%)	(31,500)	-	(31,500)	-
Macquarie NPI (10%)	(101,850)	(105,000)	(101,850)	(105,000)
Net Proceeds from NSLA (USD)	916,650	945,000	916,650	945,000

Note 3: Net proceeds from the Northern Star Wellbore Sale

We have further received interest in purchasing the seven wellbores on the Northern Star project in order to obtain the lands surrounding the wells. Based on the Platt Sparks reserve report effective 1 July 2016, the majority of the value in the wells is attributed to a single well, the Cozart 1-19 which has a PV10 of approximately USD 1m. A conservative view of the estimated realisable value from the sale of Cozart 1-19 is made at USD 700k.

The estimated value in the remaining marginal wells at Northern Star ranges from USD 15k to USD 50k per well based on factors such as land reclamation costs and the salvage value of equipment on each well. Consequently, the value of the remaining six wellbores would range from USD 90k to USD 300k.

We have been engaged in discussions with WTG Gas Processing L.P. ("WTG") who have made a claim over four of the wellbores in the field being subject to a liability totalling approximately USD 650k for the remaining cost of the construction of natural gas gathering lines to the wells when they were originally drilled.

These estimated amounts are provided in the table below:

	Low Case Scenario	Best Case Scenario	Low Case Scenario	Likely Scenario	Best Case Scenario
Northern Star Wellbore Sale ("NSWS")	790,000	1,300,000	790,000	1,045,000	1,300,000
Less					
WTG costs	(650,000)	(400,000)	(650,000)	(400,000)	(400,000)
KLR commission (3%)	(4,200)	(27,000)	(4,200)	(19,350)	(27,000)
Macquarie NPI (10%)	(13,580)	(87,300)	(13,580)	(62,565)	(87,300)
Net Proceeds from NSWS (USD)	122,220	785,700	122,220	563,085	785,700

Note 4: FTI Consulting (US Operating Fees)

Estimated expenses for the AEC operating and management FTI Consulting fees. FTI U.S. WIP as at 21 November 2016 totals AUD 444k Ex GST.

Best case scenario: current WIP increased by 10%. **Low case scenario:** Current WIP increased by 20%.

Note 5: Other costs of sale

During the sale process, a virtual data room ("VDR") was set up for interested parties to review the information relating to the Northern Star and Big Star projects.

The cost of the VDR totals \$13,070.09 which will be paid through the net proceeds of sale of AEC assets.

Note 6: Recapitalisation of AEL

Pager Partners have provided a DOCA proposal to recapitalise AEL and purchase the Big Star project. Negotiations are still ongoing regarding potential royalties to be received from Big Star.

Note 1: Cash at bank and estimated net operating cash outflows

AEC held bank accounts with Bank of America, Credit Suisse, JP Morgan and Macquarie Bank. The Administrators obtained control of these accounts on 22 May 2016 and the only funds identified was USD 187k in a Bank of America account. Additional funds were obtained through the sale of three motor vehicles owned by AEC (sale value of cUSD 97k). The cash at bank, motor vehicle realisations and trading revenue were utilised to continue trading AEC.

Estimate of net operating cashflow for short term AEC activities at 18 November 2016 are as follows:

Cash & Short Term Obligations	Date	Amount (USD)	FTI Comments
Cash Balance (Wells Fargo)	18/11/2016	100,870	
Aging Report Payables	17/11/2016	(48,039)	Approved but unpaid Invoices
DocView Report Payables	18/11/2016	(18,304)	Unapproved and unpaid invoices;
Royalties Due Landowners	31/10/2016	(19,625)	excluding WTG payables
Total cash less invoices and royalties		14,902	

Best case scenario: current estimate. **Low case scenario:** nil net operating cashflow estimate.

Note 2: Net proceeds from the Northern Star Leasehold Assignment

Received offer of USD 1.05m for the Northern Star raw lands. The Administrators expect that the Northern Star raw land sale will close no sooner than the first week of December 2016 and the sale price will not deviate from the offer price.

As detailed in section 5.9.2 of this report, KLR was engaged maintained on a commission basis of 3% of net proceeds from the sale. An additional 10% is deducted from net proceeds for Macquarie's net profits interest.

The expected returns are detailed in the table below all in USD:

	Low Case Scenario	Best Case Scenario	Low Case Scenario	Best Case Scenario
Northern Star Leasehold Assignment ("NSLA")	1,050,000	1,050,000	1,050,000	1,050,000
Less				
KLR commission (3%)	(31,500)	-	(31,500)	-
Macquarie NPI (10%)	(101,850)	(105,000)	(101,850)	(105,000)
Net Proceeds from NSLA (USD)	916,650	945,000	916,650	945,000

Note 3: Net proceeds from the Northern Star Wellbore Sale

We have further received interest in purchasing the seven wellbores on the Northern Star project in order to obtain the lands surrounding the wells. Based on the Platt Sparks reserve report effective 1 July 2016, the majority of the value in the wells is attributed to a single well, the Cozart 1-19 which has a PV10 of approximately USD 1m. A conservative view of the estimated realisable value from the sale of Cozart 1-19 is made at USD 700k.

The estimated value in the remaining marginal wells at Northern Star ranges from USD 15k to USD 50k per well based on factors such as land reclamation costs and the salvage value of equipment on each well. Consequently, the value of the remaining six wellbores would range from USD 90k to USD 300k.

We have been engaged in discussions with WTG Gas Processing L.P. ("WTG") who have made a claim over four of the wellbores in the field being subject to a liability totalling approximately USD 650k for the remaining cost of the construction of natural gas gathering lines to the wells when they were originally drilled.

These estimated amounts are provided in the table below:

	Low Case Scenario	Best Case Scenario	Low Case Scenario	Best Case Scenario
Northern Star Wellbore Sale ("NSWS")	790,000	1,300,000	790,000	1,300,000
Less				
WTG costs	(650,000)	(400,000)	(650,000)	(400,000)
KLR commission (3%)	(4,200)	(27,000)	(4,200)	(27,000)
Macquarie NPI (10%)	(13,580)	(87,300)	(13,580)	(87,300)
Net Proceeds from NSWS (USD)	122,220	785,700	122,220	785,700

Note 4: FTI Consulting (US Operating Fees)

Estimated expenses for the AEC operating and management FTI Consulting fees. FTI U.S. WIP as at 21 November 2016 totals AUD 444k Ex GST.

Best case scenario: current WIP increased by 10%. **Low case scenario:** Current WIP increased by 20%.

Note 5: Other costs of sale

During the sale process, a virtual data room ("VDR") was set up for interested parties to review the information relating to the Northern Star and Big Star projects.

The cost of the VDR totals \$13,070.09 which will be paid through the net proceeds of sale of AEC assets.

Note 6: Recapitalisation of AEL

Pager Partners have provided a DOCA proposal to recapitalise AEL and purchase the Big Star project. Negotiations are still ongoing regarding potential royalties to be received from Big Star.

Note 7: Cash at bank (AEL AUS accounts)

The Directors provide that the balances of the bank account on appointment totalled approximately AUD 122k comprising of AUD 95.9k and USD 20k.

Immediately following the appointment of the Administrators, correspondence was sent to all the major financial institutions notifying them to freeze the accounts held in the name of the Company and remit the funds to this office.

It was identified that a total of AUD 144.7k was in the Bankwest pre-appointment bank accounts which were recovered by the Former Administrators during the Former Administration Period.

On 11 May 2016, a notice was issued to the Former Administrators to remit the Company's funds in their possession to the Administrators. In a letter dated 17 May 2016, the Former Administrators advised that a lien was being held over the Company's funds in their possession in relation to their outstanding liabilities, remuneration and disbursements incurred during the Former Administration Period.

AUD 40.2k was received from the sale of the sale of the Company's motor vehicle, 2011 Toyota Prado, as detailed in note 9 below.

Note 8: Plant and machinery

The Directors disclosed plant and equipment in the RATA totalling AUD 1.9k for the carrying value of computer hardware.

The Directors did not disclose other assets such as motor vehicles.

With respect to the plant and equipment, the Administrators comments as follows:

- From a review of the Company's asset listing, the Administrators identified a motor vehicle, office furniture and equipment, computer hardware and computer software;
- Notwithstanding the carrying value of computer hardware disclosed in the RATA, the other assets in the Company's books were written down to nil;
- On 25 May 2016, the Administrators obtained possession of the motor vehicle, 2011 Toyota Prado;
- The motor vehicle was subsequently sold by Grays Online on 7 June 2016 for AUD 40.2k excl GST. The funds received from the sale of the vehicle were used to pay Administrators costs including the payment of the ASX listing fee (c\$25k).

The proceeds of sale is included in cash at bank.

Note 9: Litigation claim against J. Cruickshank/G. Shoemaker

As detailed in the report, a total of USD 1.38m was used to pay the entitlements and related taxation payments of Mr Cruickshank and Mr Shoemaker on or about the date of both the appointment of the Former Administrators and the appointment of the Administrators.

Best case scenarios: estimated that all funds misappropriated are recovered. **Low case scenarios:** no recoveries made. **Likely case scenarios:** assumed 20% recovery.

Note 10: D&O Claim

Potential claims unknown at present.

Note 11: Estimated administration costs

Estimated costs in preserving and realising assets of the Company. Amounts incurred as at the date of this report are as follows:

Description	AUD (excl GST)
ASX Listing fees	25,000.00
Auctioneers charges	1,646.27
Document storage	1,034.45
Registrars fees	400.00
Total	28,080.72

Best case scenario: current disbursements. **Low case scenario:** estimated at AUD 40k.

Note 12: Estimated administration legal costs

Total invoices received as at the date of this report from the Administrators solicitors, Baker & McKenzie, total \$ 101k (excl GST). Baker & McKenzie have advised that their current WIP is around \$135k (excl GST).

Best case scenario: estimate that legal costs increase to AUD 160k. **Low case scenario:** estimate that legal costs increase to AUD 170k

Note 13: Estimated Administrators remuneration

FTI Consulting WIP as at 21 November 2016 is AUD 534k. AUD 20k additional fee approval is sought to the second meeting of creditors. Should the Company enter a DOCA and additional fee approval is made, there will be an additional AUD 50K for the DOCA scenario.

Likely scenario: assumed remuneration between low and best case scenarios

Note 14: Estimated Administrators disbursements

Current disbursements for AUS and US at 21 November 2016 totals AUD 12.8k. Further details are provided in the remuneration report.

Best case scenario: current disbursements increased by 25%. **Low case scenario:** current disbursements increased by 50%.

Note 15: Estimated remuneration and disbursements

Estimated remuneration and disbursements.

Note 16: Unsecured creditors (noteholders)

The Directors have provided that trade creditor liabilities totaling approximately AUD 47.7m. This balance was comprised of 5 accounts as below:

Unsecured Creditors	
Name	Amount AUD
DLA Piper	94,541.3
The Trust Company	34,608.6
Wembley Corporate	10.5
Marsh Pty Ltd	11,293.3
Vicky McAppion	70,061.9
Subtotal	210,515.6
AZZG Convertible Noteholders (as per list provided)	47,500,000.0
Total	47,710,515.6

The books and records of the Company identify AUD 210.5k of unsecured creditors, excluding the noteholders.

There are 350 noteholders provided in the noteholder register, collectively holding 23.75m notes with a face value of \$2 per note creating a noteholder liability of AUD 47.5m.

The quantum of unsecured creditors is AUD 48.1m as the Administrators have also received a claim by the Trust Company Limited. Further details of this claim is provided in Note 17.

Note 17: Amounts owed to Trustee

On 17 June 2016, The Trust Company Limited (formerly known as Trust Company of Australia Limited) (ACN 004 027 749) submitted a claim in the amount of \$399,636.46 as detailed below:

Consideration	Amount \$	Remarks
Trustee fees and Time-in-Attendance	220,017.97	Pursuant to Clause 12.1 of the Note Trust Deed dated 19 September 2003 between the creditor and the company (as amended)("Trust Deed")
Out-of-Pocket Disbursements: Legal fees, postage, and other Noteholder meeting expenses	179,618.49	Pursuant to Clause 12.2 of the Trust Deed
Total	399,636.46	

The Administrators have identified this claim as a priority pursuant to the trust Deed, which means that the Trustee has a priority over noteholders to the amount of their outstanding debt. Please note that the Administrators have not adjudicated any claim for dividend purposes.

Schedule 8: DOCA Proposal

Antares Energy Limited ACN 009 230 835

(Administrators Appointed)

("Antares" or "the Company")

SUMMARY DOCA PROPOSAL TO RECAPITALISE

ANTARES ENERGY LIMITED

1. The Syndicate headed by Pager Partners Corporate Advisory Pty Limited (or its nominee) proposes to arrange the injection of approximately **\$1,876,875** cash into Antares in return for shares representing approximately 95% of the Company;
2. Immediately following the satisfaction of the last of the conditions precedent (being, most likely, shareholder approval of the Syndicate's Proposal at the shareholder's meeting), the Syndicate will arrange a loan of funds to Antares and arrange for Antares to immediately pay out to the Deed Administrator **\$500,000** in return for creditors (including noteholders) releasing all claims against the Company and participating as creditors of the Antares Creditors' Trust, at which time Antares will be contemporaneously removed from Administration. The Syndicate requires the use of a Creditors' Trust to adjudicate and pay out creditors' claims;
3. After payment of **\$500,000** to the Deed Administrator and before costs of the Proposal, Antares will have \$1,376,875 in working capital;
4. The Syndicate will loan the Company the funds to pay for the costs of the drafting of the Deed of Company Arrangement, Creditors Trust Deed, Shareholder's Meeting and Shareholder Notices, prospectus, independent expert report and preparing historical audited accounts;
5. The Syndicate proposes to undertake a consolidation of the existing shares on issue and will issue new shares and options to raise the \$1,876,875. **It should be noted that this Proposal is not conditional on the capital raising;**
6. The Syndicate requires certain assets within Antares to remain in the Antares Group as part of the recapitalisation, to be agreed between the Syndicate and the Administrator including but not limited to the Big Star Project in the Permian Basin ("Big Star Project"), (other than those assets specifically excluded by the Syndicate prior to effectuating the DOCA and also all present and future claims against the Directors and former Directors of AEC, Santa and AEL, including claims that have recently been lodged and where proceedings have commenced against James Cruickshank and Greg Shoemaker by the Administrators in the US);
7. It is proposed that a shareholders' meeting be held to consider this Proposal within

approximately 8 to 10 weeks from the date of executing the DOCA. The \$500,000 will be paid to the Deed Administrator after the shareholder's meeting;

8. This proposal is subject to creditor and shareholder approval and the ASX confirming in writing that Antares will not need to re-comply with Chapters 1 & 2 of the Listing Rules;
9. The Syndicate will pay a \$10,000 deposit upon executing the DOCA.

The above is a Summary DOCA Proposal only and as a consequence, it should not be relied upon in substitution for our Syndicate's Detailed DOCA Proposal below.

Antares Energy Limited ACN 009 230 835
(Administrators Appointed) (“Antares” or “the Company”)

DETAILED DOCA PROPOSAL TO RECAPITALISE
ANTARES ENERGY LIMITED

DATED 21 November 2016

GENERAL TERMS OF RECAPITALISATION

A syndicate headed by Pager Partners Corporate Advisory Pty Limited (**Syndicate**) (or it’s nominee) offers to recapitalise Antares Energy Limited (**“Antares” or “the Company”**). This proposal will require the creditors of the Company to enter into a Deed of Company Arrangement (**DOCA**) and a Creditors Trust Deed (**Trust Deed**).

We understand that the equity capital of Antares as set out in the Appendix 5B Quarterly Cashflow Report dated 28 October 2015 is as follows:

- a. 240,000,000 fully paid ordinary shares;
- b. No employee options to acquire fully paid ordinary shares, which would otherwise be assumed to cancel or be subject to consolidation at the completion of this offer;
- c. No unlisted options, which will otherwise cancel out or be subject to consolidation;
- d. No options for convertible notes, which would otherwise be considered debt with no rights to equity for the purpose of this offer; and
- e. 23,750,000 Convertible Notes on issue (“Convertible Notes”) with a face value of \$2.00 per note, which would otherwise be considered debt with no rights to equity for the purposes of this offer.

The DOCA for Antares must provide for or contemplate or facilitate the following (**Proposal**):

- 1 The Syndicate requires, as part of this offer, all of the remaining assets of Antares (excluding the Northern Star Project) including but not limited to those of AEC including the Big Star Project (oil and gas exploration/production interests in the Permian Basin, Texas, USA) and all assets/IP relating to the Permian Assets, operational infrastructure, plant and equipment, registered business names, intellectual property, goodwill, domain names (including www.antaresenergy.com), websites, customer/supplier lists, contracts, business processes and procedures, and all other assets to operate the business (**Antares Business**) be retained by Antares (or it’s current subsidiaries), or transferred to Antares (or a newly created subsidiary)

from its subsidiaries. The Antares Business must remain as an asset of the Company to enable the Company to be reinstated to trading on the Australian Securities Exchange Limited (**ASX**).

- 2 The consideration for control of Antares and 100% of the Antares Business is an aggregate amount of **\$500,000** in cash, including the Deposit referred to in clause 3 below, (**Cash Consideration**), to be paid to the Deed Administrator for the benefit of the Creditors Trust (the **Syndicate Offer**) so that immediately following the satisfaction of the last of the conditions precedent (being, most likely, shareholder approval of this Proposal, in its entirety):
 - (i) the Syndicate shall pay to the Deed Administrator the Cash Consideration in full and final satisfaction of the Syndicate Offer;
 - (ii) the DOCA shall terminate by performance and those assets of Antares which are not part of the Antares Business assets shall be dealt with in accordance with the DOCA; and
 - (iii) any Antares Business assets shall be transferred (if required by the Syndicate) from the subsidiaries into the Antares listed entity (or a nominated subsidiary) as is necessary.
3. The Syndicate will pay a non-refundable \$10,000 deposit (**Deposit**) upon executing the DOCA (post creditor approval at the creditor's meeting). However, if, for any reason, the Company is recapitalised under another proponent's DOCA proposal, then the Administrator shall repay to the Syndicate the entire Deposit from the proceeds of that other proponent's DOCA proposal; or from the realisations of any of the assets required under this proposal, in priority to any other payments and immediately after the receipt of those proceeds.
- 4 The Antares Business is to be retained by Antares, and all other liabilities and obligations of Antares be released pursuant to the terms of the DOCA.
- 5 The existing share structure of the Company, including unlisted options that are not cancelled, shall be subject to a 15:1 consolidation prior to issuing the securities under this Proposal.
- 6 Subject to creditors approving this Proposal, if requested by the Syndicate, the Deed Administrator shall request the existing directors and officers of Antares to resign and if this does not occur then remove all existing directors and officers and appoint the Syndicate's nominees and the DOCA shall give express powers to the Deed Administrator to do this. It is acknowledged that the Deed Administrator shall be able to limit the powers of any Syndicate nominated directors whilst the DOCA operates.
- 7 The Syndicate proposes to raise new equity in the Company by way of placements on

the following basis:

- (a) an amount of **\$375,000** from the Syndicate (or its nominees) is to be provided in exchange for 150 million Shares at issue prices to be determined by the Syndicate;
- (b) a general placement of up to 150 million Shares at 1c each to raise up to **\$1,500,000**. This placement will be on a best endeavours basis and may be underwritten, subject to certain conditions; and
- (c) an amount of \$1,875 from the Syndicate is to be provided in exchange for 75,000,000 Options, each to acquire one Share, at an exercise price of 1 cent each on or before 30 June 2020.

Please note that the proposed structure above may vary at the Syndicate's discretion (subject to ASX and/or shareholder approval), including the right to take over-subscriptions.

- 8 The proposal for the Antares Business is for the Company to retain and exploit its interest in this business in the ordinary course and to exploit complementary and any other business opportunities.
- 9 In addition to the Cash Consideration referred to above, under the DOCA, the Company shall transfer to the Creditors Trust for the benefit of the Antares creditors any cash at bank, its rights in its sundry debtors, the Northern Star Project (or any net realisations from the sale of that project by the Deed Administrator and also all present and future claims against the Directors and former Directors of AEC, Santa and AEL, including claims that have recently been lodged and where proceedings have commenced against James Cruickshank and Greg Shoemaker by the Administrators in the US) and any other assets not required by the Syndicate as part of the Antares Business. However, Antares' wholly-owned Australian subsidiary, Santa Pty Ltd ("**Santa**"), and Santa's wholly-owned US-based subsidiary, Antares Energy Company ("**AEC**"), are proposed to remain within the Antares group at the point of effectuating the DOCA on a "cash free, debt free basis", with the Big Star Project remaining within AEC at effectuation.
- 10 Immediately following the satisfaction or waiver of the last of the conditions precedent specified in clause 16 below, being, most likely, shareholder approval of the Syndicate's proposal at the shareholder's meeting, the Deed Administrator will facilitate all necessary transfers and assignments to the Creditors Trust, including payments totalling **\$500,000** and the DOCA will then terminate by performance.
- 11 If shareholders do not approve the Syndicate's proposal at the shareholder's meeting, the DOCA will terminate and the Company shall be placed in liquidation.
- 12 If shareholders approve the Syndicate's proposal at the shareholder's meeting and the other conditions precedent are satisfied, the \$500,000 paid by the Syndicate to the

Creditors Trust will, after the termination of the DOCA, be repaid to the Syndicate in cash or through the issue of shares (referred to at point 7 above) in the Company.

- 13 The control of the Company shall remain with the Deed Administrator until the DOCA is terminated. It is currently anticipated that the Syndicate nominated directors will be appointed to the Antares board at the point of effectuating the DOCA.
- 14 The prescribed provisions in schedule 8A of the Corporations Regulations will be incorporated in the DOCA, save for regulations 3(c), 10 and 11.
- 15 The Syndicate will be entitled to change the name, constitution and auditors of Antares, if required, and the Syndicate acknowledges that such a change is subject to shareholder approval.
- 16 The Proposal is subject to the following general conditions precedent:
 - (a) all liabilities and long term commitments of Antares being released and compromised via a DOCA. It shall be a term of the DOCA that it is wholly effectuated and the appointment of the Deed Administrator terminates contemporaneously with the payment by the Company of the Cash Consideration to the Deed Administrator.
 - (b) the secured creditors, if any, releasing all security over Antares and the Antares Business, unless otherwise agreed by the Syndicate;
 - (c) all creditors are bound by the DOCA. All creditors will be required to prove in accordance with the terms of the DOCA and Creditors Trust and no creditor shall have a right to claim payment against the Company (for the avoidance of doubt, the DOCA shall clearly state that the claims of all creditors shall be released and that all creditors shall only have an entitlement to prove in the Creditors Trust and not against the Company).
 - (d) all subsidiaries of Antares shall be excised from Antares and dealt with by the Deed Administrator in accordance with the DOCA (unless otherwise required by the Syndicate). It is the current intention that both Santa and AEC will remain wholly-owned subsidiaries within the Antares group post effectuation of the DOCA on a “cash free, debt free basis”.
 - (e) termination of the employment of all employees of Antares, if any, and termination of all leases and contracts of Antares (except in relation to the Big Star Project) at no cost to the Company post the DOCA, unless requested otherwise by the Syndicate.
 - (f) ASX providing written confirmation to Antares that it will lift the suspension on the trading of the securities of the Company without the need to re-comply with chapters 1 and 2 of the Listing Rules on finalising the DOCA.
 - (g) all secured creditors, if any, voting in favour of this Proposal at a meeting of creditors convened for that purpose or otherwise agreeing to be bound by this

Proposal.

- (h) the Syndicate being satisfied that all convertible notes on issue, if any, are simply debt obligations and the holders of such convertible notes being required to prove as creditors in accordance with the terms of the DOCA and Creditors Trust and no convertible noteholder shall have a right to claim payment against the Company or convert to equity after the termination of the DOCA.
 - (i) all employee options, if any, being cancelled or consolidated.
 - (j) the receipt of shareholder approval of this offer at a meeting of shareholders which is expected to be held within 8 to 10 weeks from the date of executing the DOCA, subject to the Deed Administrator having the power to extend the meeting date if the Syndicate makes a request for such an extension. For this purpose, the Syndicate shall prepare the required shareholder meeting materials and will submit these materials to ASX, the ASIC and the Deed Administrator for approval prior to dispatch. The Syndicate shall bear its own costs in relation to the preparation of these meeting materials which sums shall be reimbursed by the Company in the event that the Proposals are approved and the Company is reinstated to trading on the ASX.
- 17 During the DOCA period, a transfer of shares in the Company, any alteration in the status of members or issue of shares shall be void except so far as the Court otherwise orders, or if agreed in writing between the Deed Administrators and the Syndicate.
- 18 The contents of this Proposal are strictly confidential and must not be disclosed to any parties with the exception of the Administrators and their staff and advisers, and in the Administrator's report to creditors, without the Syndicate's prior consent.



Signed for and on behalf of Pager Partners Corporate Advisory Pty Ltd

SYNDICATE EXPERIENCE**Joanne Kendrick**

Joanne is a seasoned industry professional with 20+ years of experience in technical and senior roles with Woodside Petroleum, Newfield Exploration, Gulf Australia and Nido Petroleum. She is a Petroleum/Reservoir Engineer by background and has been responsible for managing ongoing infield production operations and significant drilling and development projects for close to 15 years. With significant ASX experience as the Deputy Managing Director at Nido Petroleum for 7 years she is well placed to lead an ASX listed company operating oil and gas assets.

Ross Warner

Ross is an experienced natural resources executive. He has held executive and non-executive director roles in several public companies listed on AIM and the ASX and a number of private companies. He has been involved in operated and non-operated oil and gas assets in Texas, Louisiana and Oklahoma; oil field services in Mexico and gas to power in Indonesia. He practiced as a corporate finance lawyer with Mallesons in Perth and Melbourne and Clifford Chance in London.

Hugh Warner

Hugh holds a Bachelor of Economics from the University of Western Australia. He has broad experience as a public company director, having been a director of a number of publicly listed companies involved in the mining, oil and gas, biotechnology and service industries. Hugh is currently a director of Prospect Resources Limited.

Jonathan Pager

Jonathan Pager has over 20 years experience as a management consultant across a wide range of industries in Australia and overseas and is currently Managing Director of a boutique consultancy, Pager Partners Business Consultants and Pager Partners Corporate Advisory. He has a Masters of Economics and qualified as a chartered accountant with Deloitte where he commenced his career. Jonathan is currently a director of MOQ Limited, UCW Limited and Noble Mineral Resources Limited, and was previously a director of Rhipe Limited, Prospect Resources Limited, AhaLife Holdings Limited and Metalicity Limited, being companies that he previously recapitalised. Jonathan was also involved in the recapitalisation of various other companies listed on the ASX (via a DOCA and Creditors Trust).

Michael Pollak

Michael Pollak holds a bachelor of Commerce, is a chartered accountant and has an MBA in strategy from the Australian Graduate School of Management. Michael commenced his career at PricewaterhouseCoopers over 15 years ago. Michael has gained valuable experience in both Sydney and London in general management, audit, insolvency, corporate advisory and strategy across a wide range of industries, including financial services, professional services, retail, mining, technology and manufacturing. Michael is currently a director of MOQ Limited, UCW Limited and HJB Corporation Limited, and was previously a director of Rhipe Limited, Disruptive Investment Group Limited, Prospect Resources Limited and Metalicity Limited, being companies that he previously recapitalised. Michael was also involved in the recapitalisation of various other companies listed on the ASX (via a DOCA and Creditors Trust).

Broader Team

The following persons are available as needed:

Simon Gorringe

Simon Gorringe is an engineer with a long career in field development. During his career he has been a development engineer for Conoco, he was BHP's project manager on the Keith Development and he developed Serica's Kambuna field facilities in Indonesia.

Christopher Newport

Chris is an oil and gas economist and business development professional. He has negotiated and concluded over \$40 billion of gas sales transactions; pioneered unconventional gas exploration and development (Sydney CBM 1988-1989, Moura 1994 -1995, Queensland GLNG 2009 - 2011 and Mozambique and Malawi 2012 – 2014); negotiated terms & conditions for gas, oil, gas liquids and water injection tolling & third party operating agreements for the Can Ngu Vang field in Vietnam - US\$ 700m value add; negotiated the successful Indonesian Pangkah PSC, Thai/Malaysia Joint Development Area & Thailand Phu Horm gas deals; managed liquids transportation logistics for BHP's energy shipping portfolio (FPSOs and terminals); was Team Leader for two major Australian pipelines including the Eastern Gas Pipeline which spear-headed the de-regulation of the Australian gas industry; was team leader for numerous greenfield gas developments including the Santos Otway basin gas project which was completed in record time (7 months from gas contract to 1st gas sale); and team leader for two gas storage projects and three allocation agreements which laid the foundations for asset optimisation and interstate gas trading in Australia for the first time.

David Whitby

Dave has had a longstanding and successful career in E&P. He is currently CEO of Andalas Energy and Power plc. He ran Husky's heavy oil business in Canada and has had an extensive career in Asia and, in particular, Indonesia where he led the first major gas sale from Corridor Block, South Sumatra – 450MMcf/d of gas via a new built facility and pipeline from 2008; led the negotiations for gas sales to Singapore, Batam, and West Java, delivering 750MMcf/d of gas; led Gulf Indonesia's minority shareholders' defence against ConocoPhillips resulting in US\$400m sale; and represented Pertamina in the unitisation negotiations with ConocoPhillips on the large Suban gas field, returning over US\$2.8Billion in revenue to Pertamina over for a 14 year period. Notably, as CEO of Philippines focussed Nido Petroleum, he rejuvenated the company increasing its market capitalisation on the ASX from A\$1.6m to over A\$600m in four years.

Other Syndicate Members

Details of other members of the Syndicate with experience in capital markets, ASX recapitalisations and the oil and gas sector will be made available at a later stage.

PRIOR RECAPITALISATIONS OF OUR SYNDICATE– ASX CODES

- | | |
|-------------------|-------------------|
| 1. AVN (now CUO) | 2. IMU |
| 3. SML | 4. VRE |
| 5. RHT | 6. EXT |
| 7. SAH (now KSX) | 8. STR (now SSM) |
| 9. IMI | 10. FUS (now HTC) |
| 11. OBJ | 12. MHL |
| 13. BLR | 14. DYL |
| 15. WMT (now IDG) | 16. TDR (now LSA) |
| 17. MDV | 18. RMG |
| 19. EKA | 20. SSC |
| 21. MKY (now CUU) | 22. GSF (now YOW) |
| 23. TVN (now LVT) | 24. TPL (now JKL) |
| 25. PLD (now MCT) | 26. FRR (now RHP) |
| 27. PSC | 28. DGI (now ICT) |
| 29. ABQ (now DVI) | 30. INT (now AHL) |
| 31. MOQ | 32. HJB |
| 33. BGD | 34. UCW |
| 35. NMG | |

Schedule 9: ASIC Information Sheet



ASIC

Australian Securities & Investments Commission

Insolvency information for directors, employees, creditors and shareholders

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

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

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

List of information sheets

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

Getting copies of the information sheets

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

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

Schedule 10: ARITA Creditor Information Sheet

Creditor Information Sheet

Offences, Recoverable transactions and Insolvent Trading



Offences

A summary of offences that may be identified by the administrator:

Section	Offence
180	Failure by officer to exercise a reasonable degree of care and diligence in the exercise of his powers and the discharge of his duties.
181	Failure to act in good faith.
182	Making improper use of position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of his position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for proper purpose. Use of position or information dishonestly to gain advantage or cause detriment.
206A	Contravening an order against taking part in management of a corporation.
206A, B	Taking part in management of corporation while being an insolvent under an administration.
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.
209(3)	Dishonest failure to observe requirements on making loans to directors or related companies.
254T	Paying dividends except out of profits.
286	Failure to keep proper accounting records.
312	Obstruction of auditor.
314-7	Failure to comply with requirements for financial statement preparation.
437C	Performing or exercising a function or power as officer while a company is under administration.
437D(5)	Unauthorised dealing with company's property during administration.
438B(4)	Failure by directors to assist administrator, deliver records and provide information.
438C(5)	Failure to deliver up books and records to administrator.
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors.

Voidable Transactions

Preferences

A preference is a transaction such as a payment between the company and one or more of its creditors, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant time period is six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

Where a creditor receives a preferred payment, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under either the Corporations Act.

Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into having regard to:

- the benefit or detriment to the company;
- the respective benefits to other parties; and
- any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation.

However, if a related entity is a party to the transaction, the time period is four years and if the intention of the transaction is to defeat creditors, the time period is ten years.

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AUSTRALIAN RESTRUCTURING INSOLVENCY & TURNAROUND ASSOCIATION



The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

Unfair Loan

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only have to have been entered into any time on or before the day when the winding up began.

Arrangements to avoid employee entitlements

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

Unreasonable payments to directors

Liquidators have the power to reclaim "unreasonable payments" made to directors by companies prior to liquidation. The provision relates to transactions made to, on behalf of, or for the benefit of, a director or close associate of a director. To fall within the scope of the section, the transaction must have been unreasonable, and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

Voidable charges

Certain charges are voidable by a liquidator:

- Circulating security interest created with six months of the liquidation unless it secures a subsequent advance;
- Unregistered charges; and
- Charges in favour of related parties who attempt to enforce the charge within 6 months of its creation.

Insolvent Trading

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt;
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent;
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they actually did so expect;
- they did not take part in management for illness or some other good reason; or,
- they took all reasonable steps to prevent the company incurring the debt.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.

Schedule 11: FEG Information Sheet



Australian Government

Department of Education, Employment and Workplace Relations

General Employee Entitlements and Redundancy Scheme — FEG

FEG Assistance

What is FEG?

FEG provides protection for employees who have lost their employment due to insolvency. To be eligible, you must meet all requirements in the FEG Operational Arrangements. Below is a summary of the key eligibility requirements of FEG:

- Your employer must have entered liquidation or bankruptcy
- The termination of your employment must be linked to the insolvency of your employer
- There must be no other funds available to cover your outstanding employee entitlements, and
- You must be entitled to reside permanently in Australia.

What assistance is available under FEG?

- Unpaid wages for work performed in the three month period prior to the appointment of an insolvency practitioner
- Unpaid annual leave
- Unpaid long service leave
- Unpaid pay in lieu of notice up to a maximum period of five weeks, and
- Unpaid redundancy pay up to a maximum of four weeks per completed year(s) of service.

If your employer entered liquidation between 22 August 2006 and 31 December 2010, the maximum redundancy entitlement is 16 weeks.

How do I apply for FEG assistance?

You can complete a FEG claim online or print a form and send it to us. We aim to process your claim as quickly as possible but there are many factors that can affect the time it takes. We aim to finalise claims within 16 weeks of receipt.

For more information

See the 'FEG Online Services Guide' on our website – www.deewr.gov.au/FEG

FEG Hotline – 1300 135 040 or FEG@deewr.gov.au

FEG Online Services – www.deewr.gov.au/FEGonline

FEG Online Services**How do I register or sign in?**

You can register or sign in to use FEG Online Services at www.deewr.gov.au/FEGonline.

- Click 'Register' and fill in all fields with an asterisk (*). When details are complete, click 'Register' at the bottom of the screen.
- After you have registered successfully, your username will be displayed in a green box at the top of the screen. Please keep a record of your username.
- To start using FEG Online Services, enter your username and password and click 'Sign In'.

Lodge a FEG claim online

If you lodge a claim online we receive it within 24 hours.

After signing in, click 'Complete a FEG claim form'. An online form will open. Please read instructions on the first page.

Check the status of your claim

After lodging your FEG claim, you can check the assessment status online, even if you lodged via post, email or fax.

- After signing in, click 'Check status of FEG claim'. The 'Claim status bar' moves as your claim is being assessed.

Lodge additional information

You can lodge any additional information online to assist us in assessing your claim – we will receive within 24 hours.

- After signing in, click 'Lodge additional information'. Click 'browse' to locate the document, select it and click 'upload'.

Access letters we have sent

You can access and review some of the letters we have sent you in relation to your claim.

- After signing in, click 'Access letters'. A list of letters we have sent you will be displayed. Click 'view' to see the letter.

For more information

See the 'FEG Online Services Guide' on our website – www.deewr.gov.au/FEG

FEG Hotline – 1300 135 040 or FEG@deewr.gov.au

FEG Online Services – www.deewr.gov.au/FEGonline



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About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organisations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. FTI Consulting professionals, who are located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring.

www.fticonsulting.com

24 NOVEMBER 2016



REMUNERATION REQUEST APPROVAL REPORT

ANTARES ENERGY LIMITED
(ADMINISTRATORS APPOINTED)
ACN 009 230 749

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Part 1: Declaration

This report sets out the information that the *Corporations Act* (“**Act**”) and the 3rd Edition of the *Code of Professional Practice* published by the Australian Restructuring Insolvency & Turnaround Association (“**ARITA**”) requires Creditors to receive before voting on resolutions with respect to our claim for remuneration at the meeting of Creditors convened for 2 December 2016.

I have undertaken a proper assessment of our claim for remuneration as detailed in this report arising from our appointment as Voluntary Administrators of Antares Energy Limited (Administrators Appointed) ACN 009 230 749 in accordance with the law and applicable professional standards.

I am satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of this and any subsequent external administration.

Part 2: Executive Summary

Remuneration previously determined by Creditors

No remuneration has been previously determined in this external administration

Remuneration for which approval is sought

This report provides details of the following remuneration for which approval is sought:

Table 1: Remuneration for which approval is sought

Period	Report Reference	Amount (ex GST)
Voluntary Administration		
Resolution 1: 10 May 2016 to 21 November 2016 (inclusive)	Table 2	\$534,078.00
Resolution 2: 22 November 2016 to 2 December 2016 (inclusive)*	Table 3	\$20,000.00
Total		\$554,078.00
Deed of Company Arrangement (“DOCA”)		
Resolution 3: 2 December 2016 to the date the DOCA is executed (inclusive)*	Table 4	\$50,000.00
Resolution 4: Date the DOCA is executed to the Termination of the DOCA (inclusive)*	Table 5	\$150,000.00
Total		\$200,000.00
Liquidation		
Resolution 5: 2 December 2016 to the Conclusion of the Liquidation (inclusive)*	Table 6	\$100,000.00
Total		\$100,000.00

* The quantum of future remuneration for which approval is sought is based on an estimate of the work necessary to complete the administration. Should additional work beyond what is contemplated be necessary, further approval may be sought from creditors. If a lesser amount is incurred, we will limit our remuneration to that lesser amount.

Please refer to the sections of the report detailed above for full details of the calculation and composition of the remuneration for which approval is sought.

The total aggregate amount of remuneration for which approval is sought differs to the estimate of remuneration provided in our Initial Advice to Creditors dated 11 May 2016 which estimated a cost of the external administration of \$150,000.00 (excluding GST). The increase in remuneration beyond the initial estimate is due to the following reasons:

- The initial estimate related to a standard 4 week Voluntary Administration;
- Following the application to extend the convening period, additional time has been spent overseeing the Administration for an additional 5 months while preserving and selling the AEC assets;
- Engaging FTI Consulting in Houston and Dallas, Texas U.S. to obtain control over the assets of AEC and preserve the assets;
- Preparation and conduct of three committee of creditor meetings with an update on the administration and review of the assets of the Group, including providing the Committee with detailed update reports;
- Non-cooperation of James Cruickshank in providing assistance and returning assets of the Group, namely motor vehicles;
- Time spent in relation to legal claims in U.S. due to conduct of James Cruickshank;
- Undertaking an extensive EOI process both in Australia and the US;
- Thorough negotiations with interested parties for the sale of the assets and the recapitalisation of AEL;
- Corresponding with noteholders and shareholders; and
- Undertaking investigations into the affairs of the Group.

Work Undertaken in the U.S. in relation to AEL

We note that additional work has been undertaken by FTI Consulting in the U.S. in preserving, trading and realising AEC assets resulting in AEC remuneration as at 21 November 2016 of AUD 444k (excl GST) and will be paid from the proceeds of asset sales.

Table 2: FTI Consulting (US) Work Undertaken

Employee	Position	Rate/hour excl GST AUD	Total actual hours	Total (excl GST) AUD
Albert S Conly	Sr Managing Dir	1,357.00	14.10	19,133.70
Paul Jordan	Senior Director	946.00	370.80	350,776.80
Rachael Sparks	Sr Consultant	682.00	45.00	30,690.00
Kevin Martin	Sr Consultant	665.00	61.00	40,565.00
Virgel Jacobson	Sr Consultant	585.00	3.70	2,164.50
Deirdre Bryant	Consultant II	350.00	0.40	140.00
John Anthony	Consultant 1	241.00	2.00	482.00
Total			497.00	443,952.00
GST				44,395.20
Total (including GST)				488,347.20
Average hourly rate (excluding GST)				893.3

In addition, work has been undertaken by an associated firm, FTI Platt Sparks, in relation to geological and reserve reports. FTI Platt Sparks fees for these reports total cUSD 43k, which has been paid directly from AEC.

The abovementioned information has been provided to creditors of AEL for information purposes only and is not subject to creditor approval.

Part 3: Description of Work Completed and to be Completed

Table 3: Resolution 1 for work completed from 10 May 2016 to 21 November 2016 (inclusive)

Company	Antares Energy Limited (Administrators Appointed) ACN 009 230 749	From	10-May-16	To	21-Nov-16
Practitioners	QJ Olde & MJ Ryan	Firm	FTI Consulting		
Administration Type		Voluntary Administration			
Task Area	General Description	Includes			
Assets 429.2 hours \$226,699.50	Cash and bank accounts	<ul style="list-style-type: none">Communications with Banks to freeze accounts and transfer fundsIdentifying Bankwest pre-appointment accounts and corresponding with them to transfer fundsCorresponding with Former Administrators with respect to obtaining cash at bankExtensive correspondence with Bank of America and Credit Suisse to ensure understanding of Administrators role and obtaining control over AEC bank accounts			
	Asset Realisation	<ul style="list-style-type: none">Liaising with Grays to assist in sale of plant and equipment including motor vehiclesObtaining an understanding of and continuation of sale process in relation to Permian Projects including liaising with KLR and accessing their data room for review and updatesReviewing correspondence with KLR and REA regarding U.S. sale processPreparing teaser for Australian EOI sale processArranging for an advertisement to be placed in the Australian Financial ReviewLiaising with Ansarada to assist in sale process through creation and maintenance of the Virtual Data Room (“VDR”)Corresponding with interested parties in the EOI campaign including conference calls and emails with interested parties regarding confidentiality agreementsCommunications and updates with interested parties regarding the VDR including uploading files and documentsMaintaining interested party register with executed confidentiality agreements received, granting of VDR access and queriesReviewing EOI correspondence and shortlisting potential interested parties			

Table 3: Resolution 1 for work completed from 10 May 2016 to 21 November 2016 (inclusive)

	Antares Energy Company	<ul style="list-style-type: none"> Preserving the value of the assets in AEC by appointing Quentin Olde and Michael Ryan as directors of Santa and Quentin Olde and Albert Conly as directors of AEC Liaising with Baker & McKenzie to facilitate the following: <ul style="list-style-type: none"> Removal of the directors of Santa and replacement through the appointment of Quentin Olde and Michael Ryan as directors Removal of the director of AEC and replacement through the appointment of Quentin Olde and Albert Conly as directors Liaising with Paul Jordan in U.S. to undertake day-to-day operations Reviewing lease schedules Corresponding with Company accountants, P2 accountants Correspondence with Macquarie to understand the NPI liability Liaising with landmen and obtaining independent reports as to the quality of the leases Liaising with land owners regarding leases, current status and ability to renew
	Sale of AEC Assets	<ul style="list-style-type: none"> Progressing sale of Big Star leases Corresponding with interested parties regarding the sale of Northern Star Wellbores
	DOCA	<ul style="list-style-type: none"> Liaising with Pager Partners regarding DOCA proposal
	ASX Listing	<ul style="list-style-type: none"> Preserving listing status through consistent communications with the ASX and payment of listing fees
Creditors 321.4 hours \$151,827.00	Creditor enquiries	<ul style="list-style-type: none"> Receiving creditor enquiries including from noteholders regarding Company, administration process, dividend process and sale of operations Corresponding with key noteholders Maintaining register of creditor enquiries Responding to creditor enquiries by telephone, email, and post Preparing ASX announcements regarding material events and the status of the Administration and lodgement on ASX platform
	Creditor reports & circulars	<ul style="list-style-type: none"> Preparing the Section 439A report to creditors, including extensive investigations and collating data and information
	Committee of Creditors	<ul style="list-style-type: none"> Communications with committee members on an ad

Table 3: Resolution 1 for work completed from 10 May 2016 to 21 November 2016 (inclusive)

		<p>hoc basis</p> <ul style="list-style-type: none"> • Preparation of detailed reports to the Committee in relation to the status and direction of the Administration • Preparation for and attendance at numerous meetings by phone with the Committee • Reviewing and maintaining records of POD amounts
	Shareholder enquiries	<ul style="list-style-type: none"> • Communications and updates with shareholders regarding Company, administration process, dividend process and sale of operations • Responding to shareholder enquiries by telephone and email
Trade On 8.2 hours \$2,859.00	Processing receipts and payments	<ul style="list-style-type: none"> • Accounting procedures including entry of payments and receipts
Investigation 140.0 hours \$57,685.00	Conducting investigation into affairs of the Company	<ul style="list-style-type: none"> • Collecting and reviewing company books, information and records from various sources, including gathering background information from Pitcher Partners and Baker & McKenzie • Reviewed public information • Arranging IT backup • Corresponding with Directors and arranging interviews to obtain further information • Correspondence with EY regarding audit history • Investigating and understanding company nature and history • Obtaining and reviewing statutory searches • Preparation of comparative historical financial statements including balance sheets and revenue statements, and summary of trial balance for AEL and AEC using company sources and online research • Corresponding with ASIC regarding Group • Investigating specific transactions warranting investigation including inter-company and material transactions from sources such as prepared comparative financial statements. • Communications with directors and/or officers concerning company information • Corresponding with US banks to identify AEC bank accounts namely, Macquarie Bank, JP Morgan, Credit Suisse and Bank of America, and recover available funds • Obtaining and reviewing bank statements and reconciliations to identify payments made • Preparation of investigation file

Table 3: Resolution 1 for work completed from 10 May 2016 to 21 November 2016 (inclusive)

		<ul style="list-style-type: none"> Extensive correspondence with Baker & McKenzie in relation to conduct of James Cruickshank
	Estimated Statement of Position (“ESOP”)	<ul style="list-style-type: none"> Identifying and reviewing potential recoveries Construct ESOP with supporting notes
	ASIC Compliance	<ul style="list-style-type: none"> Review of books and records to identify information relating to the sale of Northern Star and Big Star Collate and provide requested documents to ASIC including emails retrieved from the server
	Examinations	<ul style="list-style-type: none"> Communication and meetings with Baker & McKenzie Considering potential avenues available for examinations to take place
	Litigation/Recoveries/Examinations	<ul style="list-style-type: none"> Communication and meetings with Baker & McKenzie regarding potential claims against James Cruickshank Reviewed and approved statement of claim in relation to the application against Cruickshank and Shoemaker in the Dallas Court Reviewed and approved statement of claim in relation to obtaining possession of motor vehicles from Cruickshank Liaising with Bakers & McKenzie to understand the D&O insurance policy and available options
Administration 210.4 hours \$95,007.50	Appointment	<ul style="list-style-type: none"> Meetings and discussions with Perpetual, Baker & McKenzie, Pitcher Partners and all Company officers regarding change of Administrators and handover process Securing and backing up computer and accounting data Communications with all Company officers regarding appointment, steps forward and distribution of RATA packs Advising third parties of appointment including ATO, OSR and utilities Advising other pertinent stakeholders of appointment including the ASX Conducting company and director searches Conducting initial motor vehicle searches including searches with WA's Department of Transport
	General	<ul style="list-style-type: none"> Word processing including correspondence, file notes, agendas and minutes Care and maintenance of the file Communications including correspondence to ASX to provide updated public announcements and discuss listing fees

Table 3: Resolution 1 for work completed from 10 May 2016 to 21 November 2016 (inclusive)

		<ul style="list-style-type: none"> Updating of Company's website to provide various announcements including ASX
	File review/checklist/document maintenance	<ul style="list-style-type: none"> Administration review Document filing and maintenance File reviews Updating checklist
	Insurance	<ul style="list-style-type: none"> Communications with broker, Arthur J Gallagher, concerning general insurance requirements Reviewing policies of insurance and changing insurance policies under the advice of Baker & McKenzie
	Bank accounts	<ul style="list-style-type: none"> Opening bank account for purpose of voluntary administration Bank account reconciliations Procuring and reviewing bank account statements to confirm transactions Communications concerning bank account transactions
	ASIC lodgements	<ul style="list-style-type: none"> Preparation and lodging necessary forms with ASIC (505, etc) General communications with ASIC including discussion relating to ongoing investigations
	ATO lodgements	<ul style="list-style-type: none"> Notification of appointment Preparation and submission of June 2016 and September 2016 Quarter Business Activity Statements (BAS)
	Other lodgements	<ul style="list-style-type: none"> Communications with other regulatory bodies
	Planning review	<ul style="list-style-type: none"> Internal meetings to discuss the status of the administration including calls with the U.S. Ad hoc meetings concerning the status of the administration

Table 4: Resolution 2 for work to be completed from 22 November 2016 to 2 December 2016 (inclusive)

Company **Antares Energy Limited
(Administrators Appointed)
ACN 009 230 749**

From **22-Nov-16** **To** **2-Dec-16**

Practitioners **QJ Olde & MJ Ryan** **Firm** **FTI Consulting**

Administration Type **Voluntary Administration**

Task Area	General Description	Includes
Assets 10.0 hours \$4,000.00	Sale of AEC Assets	<ul style="list-style-type: none"> Progressing sale of Big Star leases Corresponding with interested parties regarding the sale of Northern Star Wellbores
	DOCA	<ul style="list-style-type: none"> Liaising with Pager Partners regarding DOCA proposal
Creditors 30.0 hours \$12,000.00	Creditor enquiries	<ul style="list-style-type: none"> Receiving creditor enquiries Maintaining register of creditor enquiries Responding to creditor enquiries by telephone and email
	Creditor reports & circulars	<ul style="list-style-type: none"> Finalising and distributing Section 439A report to creditors
	Processing proofs of debt (PODs) not relating to a dividend	<ul style="list-style-type: none"> Issuing, receiving and filing PODs Adjudication on PODs Maintaining POD register
	Creditor Meetings	<ul style="list-style-type: none"> Preparation of meeting notices, proxies and advertisements Distribution of meeting notices & proxies Preparation of agenda and other documents for meeting Attendance and holding of second meeting Preparation & lodgement of meeting minutes with ASIC Responding to queries arising from meeting
	Shareholder enquiries	<ul style="list-style-type: none"> Communications with shareholders
Investigation 5.0 hours \$2,000.00	Examinations	<ul style="list-style-type: none"> Communication and meetings with Baker & McKenzie Obtaining and reviewing examination transcripts, if received Considering potential avenues available post examinations
Administration 5.0 hours \$2,000.00	File review/checklist/document maintenance	<ul style="list-style-type: none"> Administration review Document filing and maintenance File reviews
	Bank accounts	<ul style="list-style-type: none"> Bank account reconciliations

Table 4: Resolution 2 for work to be completed from 22 November 2016 to 2 December 2016 (inclusive)

		<ul style="list-style-type: none"> • Procuring and reviewing bank account statements • Communications concerning bank account transactions
	ASIC lodgements	<ul style="list-style-type: none"> • Preparation and lodging necessary forms with ASIC • General communications with ASIC
	Other lodgements	<ul style="list-style-type: none"> • Communications with other regulatory bodies
	Planning review	<ul style="list-style-type: none"> • Ad hoc meetings concerning the status of the administration

Table 5: Resolution 3 for work to be completed from 2 December 2016 to the date the DOCA is executed (inclusive)

Company	Antares Energy Limited (In Liquidation) ACN 009 230 749	From	2-Dec-16	To	Date the DOCA is executed
Practitioners	QJ Olde & MJ Ryan	Firm	FTI Consulting		
Administration Type		Voluntary Administration			
Task Area	General Description	Includes			
Assets 62.5 hours \$25,000.00	Sale of AEC Assets	<ul style="list-style-type: none">Progressing sale of Big Star leasesCorresponding with interested parties regarding the sale of Northern Star Wellbores			
	DOCA	<ul style="list-style-type: none">Corresponding with Pages Partners with respect to DOCA constructionLiaising with Baker & McKenzie to finalise the terms of the DOCA			
Creditors 37.5.0 hours \$15,000.00	Creditor enquiries	<ul style="list-style-type: none">Receiving creditor enquiries via phone and emailMaintaining register of creditor enquiriesResponding to creditor enquiries by telephone, email, facsimile and post			
	Committee of Creditors/Inspection	<ul style="list-style-type: none">Communications with committee membersPreparation of meeting notices, proxies & advertisementsDistribution of meeting notices & proxiesMeetings of committee of creditors/inspection			
	Creditor Meetings	<ul style="list-style-type: none">Preparation & lodgement of meeting minutes with ASICResponding to queries arising from meeting			
	Shareholder enquiries	<ul style="list-style-type: none">Communications with shareholdersResponding to shareholder claimsITAA Section 104-145(1) declarations			
Investigation 10.0 hours \$4,000.00	Examinations	<ul style="list-style-type: none">Communication and meetings with Baker & McKenziePreparing for examinationsObtaining and reviewing examination transcripts, if availableConsidering potential avenues available post examinations			
Administration 15.0 hours \$6,000.00	General correspondence & word processing	<ul style="list-style-type: none">Word processing including correspondence, file notes, agendas and minutesCare and maintenance of the file			
	File review/checklist/document maintenance	<ul style="list-style-type: none">Administration reviewDocument filing and maintenance			

Table 5: Resolution 3 for work to be completed from 2 December 2016 to the date the DOCA is executed (inclusive)

		<ul style="list-style-type: none"> • File reviews • Updating checklist
	Insurance	<ul style="list-style-type: none"> • Communications with broker, Arthur J Gallagher, concerning general insurance requirements • Identification and resolution of specific insurance issues • Reviewing policies of insurance
	Bank accounts	<ul style="list-style-type: none"> • Bank account reconciliations • Procuring and reviewing bank account statements
	ASIC lodgements	<ul style="list-style-type: none"> • Preparation and lodging necessary forms with ASIC (505, 524 etc.) • General communications with ASIC
	ATO lodgements	<ul style="list-style-type: none"> • Preparation and submission of BAS
	Other lodgements	<ul style="list-style-type: none"> • Communications with Court concerning reporting obligations • Communication with ASX concerning ASX announcements • Communications with other regulatory bodies
	Planning review	<ul style="list-style-type: none"> • Weekly meeting to discuss the status of the administration • Ad hoc meetings concerning the status of the administration
	Storage of books and records	<ul style="list-style-type: none"> • Organising and storage of book and records • Dispatching and receiving books and records to/from storage
	Finalisation	<ul style="list-style-type: none"> • Communication with ATO concerning finalisation • Cancelling ABN/GST/PAYG registration • Finalising WIP • Completing checklists

Table 6: Resolution 4 for work to be completed from the date the DOCA is executed to the Termination of the DOCA (inclusive)

Company	Antares Energy Limited (In Liquidation) ACN 009 230 749	From	Date the DOCA is executed	To	Termination of the DOCA
Practitioners	QJ Olde & MJ Ryan	Firm	FTI Consulting		
Administration Type	Deed Administrators Appointed				
Task Area	General Description	Includes			
Assets 87.5 hours \$35,000.00	Sale of AEC Assets	<ul style="list-style-type: none"> Progressing sale of Big Star leases Corresponding with interested parties regarding the sale of Northern Star Wellbores 			
	Recapitalisation of AZZ	<ul style="list-style-type: none"> Corresponding with ASX and buyer 			
	Other recoveries	<ul style="list-style-type: none"> Engage Baker & McKenzie to undertake proceedings with claims against D&O policy, if appropriate 			
	Deed Funds	<ul style="list-style-type: none"> Receipting and maintaining the Deed Fund from the terms of the DOCA 			
Creditors 112.5 hours \$45,000.00	Creditor enquiries	<ul style="list-style-type: none"> Receiving creditor enquiries Maintaining register of creditor enquiries Responding to creditor enquiries by telephone, email, facsimile and post 			
	Processing proofs of debt (PODs) not relating to a dividend	<ul style="list-style-type: none"> Issuing, receiving and filing PODs Adjudication on PODs Maintaining POD register 			
	Creditor Meetings	<ul style="list-style-type: none"> Preparation of meeting notices, proxies and advertisements, if required Distribution of meeting notices & proxies, if required Preparation of agenda and other documents for meeting, if required Preparation & lodgement of meeting minutes with ASIC, if required Responding to queries arising from meeting, if required 			
Investigation 50.0 hours \$20,000.00	Examinations	<ul style="list-style-type: none"> Communication and meetings with Baker & McKenzie Obtaining and reviewing examination transcripts, if available Considering potential avenues available post examinations 			
	Litigation/Recoveries	<ul style="list-style-type: none"> Identification of potential actions/recoveries Preparation of brief to Baker & McKenzie Communications and meetings with Baker & McKenzie Attending to settlement of actions/recoveries 			

Table 6: Resolution 4 for work to be completed from the date the DOCA is executed to the Termination of the DOCA (inclusive)

Dividend 62.5 hours \$25,000.00	Processing proofs of debt (PODs)	<ul style="list-style-type: none"> • Communications with creditors inviting them to lodge PODs • Receiving PODs • Review, consideration and adjudication of PODs • Maintaining POD register • Communications with creditors seeking further information • Advising creditors of POD adjudication
	Dividend procedures	<ul style="list-style-type: none"> • Communications with creditors concerning declaration of dividend • Advertising intention to declare dividend • Preparation and finalisation of dividend calculation • Maintaining dividend file & register • Obtaining ATO clearance to allow dividend payment • Advertising of dividend declaration • Paying dividend to creditors & associated correspondence
Administration 62.5 hours \$25,000.00	General correspondence & word processing	<ul style="list-style-type: none"> • Word processing including correspondence, file notes, agendas and minutes • Care and maintenance of the file
	File review/checklist/document maintenance	<ul style="list-style-type: none"> • Administration review • Document filing and maintenance • File reviews • Updating checklist
	Insurance	<ul style="list-style-type: none"> • Communications with broker, Arthur J Gallagher, concerning general insurance requirements • Identification and resolution of specific insurance issues • Reviewing policies of insurance
	Bank accounts	<ul style="list-style-type: none"> • Closing bank accounts • Bank account reconciliations • Procuring and reviewing bank account statements • Communications concerning bank account transactions
	ASIC lodgements	<ul style="list-style-type: none"> • Preparation and lodging necessary forms with ASIC (505, 524 etc.) • General communications with ASIC
	ATO lodgements	<ul style="list-style-type: none"> • Preparation and submission of BAS
	Other lodgements	<ul style="list-style-type: none"> • Communications with Court concerning reporting obligations • Communication with ASX concerning ASX

Table 6: Resolution 4 for work to be completed from the date the DOCA is executed to the Termination of the DOCA (inclusive)

		<p>announcements</p> <ul style="list-style-type: none"> • Communications with other regulatory bodies
	Planning review	<ul style="list-style-type: none"> • Weekly meeting to discuss the status of the administration • Ad hoc meetings concerning the status of the administration
	Storage of books and records	<ul style="list-style-type: none"> • Organising and storage of book and records • Dispatching and receiving books and records to/from storage
	Finalisation	<ul style="list-style-type: none"> • Communication with ATO concerning finalisation • Cancelling ABN/GST/PAYG registration • Finalising WIP • Completing checklists

Table 7: Resolution 5 for work to be completed from 2 December 2016 to the Conclusion of the Liquidation (inclusive)

Company	Antares Energy Limited (In Liquidation) ACN 009 230 749	From	2-Dec-16	To	Conclusion of Liquidation
Practitioners	QJ Olde & MJ Ryan	Firm	FTI Consulting		
Administration Type		Liquidation			
Task Area	General Description	Includes			
Assets 37.5 hours \$15,000.00	Sale of AEC Assets	<ul style="list-style-type: none">Progressing sale of Big Star leasesCorresponding with SEG and WTG regarding the sale of Northern Star Wellbores			
	Other recoveries	<ul style="list-style-type: none">Engage Baker & McKenzie to undertake proceedings with claims against D&O policy, if appropriatePursuing voidable transactions, if identified			
Creditors 50.0 hours \$20,000.00	Creditor enquiries	<ul style="list-style-type: none">Receiving creditor enquiriesMaintaining register of creditor enquiriesResponding to creditor enquiries by telephone, email, facsimile and post			
	Creditor reports & circulars	<ul style="list-style-type: none">Interim report to creditors, if requiredAd hoc reports & circulars to creditors			
	Committee of Creditors/Inspection	<ul style="list-style-type: none">Communications with committee membersPreparation of meeting notices, proxies & advertisementsDistribution of meeting notices & proxiesMeetings of committee of creditors/inspection			
	Creditor Meetings	<ul style="list-style-type: none">Preparation of meeting notices, proxies and advertisementsDistribution of meeting notices & proxiesPreparation of agenda and other documents for meetingPreparation & lodgement of meeting minutes with ASICResponding to queries arising from meeting			
	Shareholder enquiries	<ul style="list-style-type: none">Communications with shareholdersResponding to shareholder claimsITAA Section 104-145(1) declarations			
Investigation 100.0 hours \$40,000.00	Conducting investigation into affairs of the Company	<ul style="list-style-type: none">Reviewing books and recordsInvestigating and understanding company nature and historyObtaining and reviewing statutory searchesPreparation of comparative financial statementsPreparation of deficiency statementInvestigating specific transactions warranting			

Table 7: Resolution 5 for work to be completed from 2 December 2016 to the Conclusion of the Liquidation (inclusive)

		<ul style="list-style-type: none"> investigation Communications with directors and/or officers concerning company information Preparation of investigation file
	Examinations	<ul style="list-style-type: none"> Preparation of brief to Baker & McKenzie Communication and meetings with Baker & McKenzie Obtaining and reviewing examination transcripts Considering potential avenues available post examinations
	Litigation/Recoveries	<ul style="list-style-type: none"> Identification of potential actions/recoveries Preparation of brief to Baker & McKenzie Communications and meetings with Baker & McKenzie Letters of demand to debtors and subsequent negotiations Attending to settlement of actions/recoveries
	Reporting to ASIC	<ul style="list-style-type: none"> Preparation of statutory investigation report Preparation of supplementary statutory investigation report Communications with ASIC concerning investigations
Dividend 25.0 hours \$10,000.00	Processing proofs of debt (PODs)	<ul style="list-style-type: none"> Communications with creditors inviting them to lodge PODs Receiving PODs Review, consideration and adjudication of PODs Maintaining POD register Communications with creditors seeking further information Advising creditors of POD adjudication
	Dividend procedures	<ul style="list-style-type: none"> Communications with creditors concerning declaration of dividend Advertising intention to declare dividend Preparation and finalisation of dividend calculation Maintaining dividend file & register Obtaining ATO clearance to allow dividend payment Advertising of dividend declaration Paying dividend to creditors & associated correspondence
Administration 37.5 hours \$15,000.00	General correspondence & word processing	<ul style="list-style-type: none"> Word processing including correspondence, file notes, agendas and minutes Care and maintenance of the file
	File review/checklist/document	<ul style="list-style-type: none"> Administration review

Table 7: Resolution 5 for work to be completed from 2 December 2016 to the Conclusion of the Liquidation (inclusive)

	maintenance	<ul style="list-style-type: none"> • Document filing and maintenance • File reviews • Updating checklist
	Insurance	<ul style="list-style-type: none"> • Communications with broker, Arthur J Gallagher, concerning general insurance requirements • Identification and resolution of specific insurance issues • Reviewing policies of insurance
	Bank accounts	<ul style="list-style-type: none"> • Closing bank accounts • Bank account reconciliations • Procuring and reviewing bank account statements • Communications concerning bank account transactions
	ASIC lodgements	<ul style="list-style-type: none"> • Preparation and lodging necessary forms with ASIC (505, 524 etc) • General communications with ASIC
	ATO lodgements	<ul style="list-style-type: none"> • Preparation and submission of BAS
	Other lodgements	<ul style="list-style-type: none"> • Communications with Court concerning reporting obligations • Communication with ASX concerning ASX announcements • Communications with other regulatory bodies
	Planning review	<ul style="list-style-type: none"> • Weekly meeting to discuss the status of the administration • Ad hoc meetings concerning the status of the administration
	Storage of books and records	<ul style="list-style-type: none"> • Organising and storage of book and records • Dispatching and receiving books and records to/from storage
	Finalisation	<ul style="list-style-type: none"> • Communication with ATO concerning finalisation • Cancelling ABN/GST/PAYG registration • Finalising WIP • Completing checklists

Part 4: Calculation of Remuneration

Resolution 1: Remuneration from 10 May 2016 to 21 November 2016 (inclusive)

Employee	Position	All in AUD	Rate/hour excl GST \$	Total actual hours	Total (excl GST) \$	Assets \$	Creditors \$	Task Area		Investigation \$	Administration \$
								Trade On			
								\$			
Paul Jordan	Senior Director		935.00	62.40	58,344.00	0.00	58,344.00	0.00	0.00	0.00	0.00
Quentin Olde	Sr Managing Dir		625.00	106.10	66,312.50	2,812.50	0.00	250.00	0.00	0.00	63,250.00
Eileen Chan	Managing Dir		575.00	42.60	24,495.00	4,427.50	1,035.00	0.00	0.00	15,870.00	3,162.50
Liam Healey	Senior Director		565.00	257.00	145,205.00	130,515.00	14,690.00	0.00	0.00	0.00	0.00
Preeti Inchody	Senior Director		565.00	111.60	63,054.00	60,794.00	1,130.00	1,130.00	0.00	0.00	0.00
Alex Dewhirst	Sr. Consult II		425.00	45.40	19,295.00	127.50	0.00	0.00	0.00	18,530.00	637.50
Ashkan Mohebi	Sr. Consult II		425.00	0.40	170.00	0.00	0.00	0.00	0.00	0.00	170.00
Luke Pittorino	Sr. Consult II		425.00	3.50	1,487.50	0.00	0.00	0.00	0.00	0.00	1,487.50
Ritchie Cunningham	Sr. Consult II		425.00	1.00	425.00	0.00	0.00	0.00	0.00	425.00	0.00
Jonathan Chee	Sr. Consult I		370.00	296.20	109,594.00	26,085.00	60,976.00	0.00	0.00	17,464.00	5,069.00
Deirdre Bryant	Consultant II		350.00	5.80	2,030.00	0.00	0.00	0.00	0.00	0.00	2,030.00
Carlos Bourgy	Associate II		275.00	11.10	3,052.50	0.00	0.00	0.00	0.00	2,997.50	55.00
Alan Issala	Associate I		255.00	22.00	5,610.00	0.00	0.00	0.00	0.00	0.00	5,610.00
Asantewaa Asima	Associate I		255.00	6.10	1,555.50	0.00	1,020.00	0.00	0.00	0.00	535.50
Leo Guthrie	Associate I		255.00	71.90	18,334.50	1,938.00	5,814.00	0.00	0.00	51.00	10,531.50
Manie Loprasert	Associate I		255.00	35.80	9,129.00	0.00	6,910.50	1,479.00	0.00	0.00	739.50
Patrick Mellor	Associate I		255.00	7.00	1,785.00	0.00	0.00	0.00	0.00	1,785.00	0.00
Sachin Dhingra	Associate I		255.00	6.00	1,530.00	0.00	892.50	0.00	0.00	382.50	255.00
Emily Thomas	Admin II		180.00	1.00	180.00	0.00	0.00	0.00	0.00	180.00	0.00
Selina Naylor	Admin II		180.00	3.50	630.00	0.00	0.00	0.00	0.00	0.00	630.00
Tracey Rumbold	Admin II		180.00	0.10	18.00	0.00	0.00	0.00	0.00	0.00	18.00
Cristina Mangraviti	Admin I		145.00	3.70	536.50	0.00	290.00	0.00	0.00	0.00	246.50
Jennifer Papallo	Admin I		145.00	8.00	1,160.00	0.00	580.00	0.00	0.00	0.00	580.00
Lydia Taylor	Admin I		145.00	1.00	145.00	0.00	145.00	0.00	0.00	0.00	0.00
Total				1,109.20	534,078.00	226,699.50	151,827.00	2,859.00		57,685.00	95,007.50
GST					53,407.80						
Total (including GST)					587,485.80						
Average hourly rate (excluding GST)					481.5	528.2	469.4	348.7		412.0	451.6

Part 4: Calculation of Remuneration (cont.)

Resolution 2: Remuneration from 22 November 2016 to 2 December 2016 (inclusive)

This resolution is with respect to work that had not been carried out when this report was prepared. As such it is not possible to provide a calculation of the remuneration. A calculation of the cost of time incurred will be available at the second meeting of Creditors on request.

Resolution 3: Remuneration from 2 December 2016 to the date the DOCA is executed (inclusive)

This resolution is with respect to work that had not been carried out when this report was prepared. As such it is not possible to provide a calculation of the remuneration.

Resolution 4: Remuneration from the date the DOCA is executed to the termination of the DOCA (inclusive)

This resolution is with respect to work that had not been carried out when this report was prepared. As such it is not possible to provide a calculation of the remuneration.

Resolution 5: Remuneration from 2 December 2016 to the Conclusion of the Liquidation (inclusive)

This resolution is with respect to work that had not been carried out when this report was prepared. As such it is not possible to provide a calculation of the remuneration.

Part 5: Statement of Remuneration Claim

The Act requires our remuneration to be determined before it can be drawn by us. The determination must be made by creditors at a Meeting of Creditors, by a Committee of Creditors or Inspection or by the Court.

At the meeting of creditors, we will ask creditors to determine our remuneration by passing the following resolutions:

Resolution 1: Remuneration from 10 May 2016 to 21 November 2016 (inclusive)

The remuneration of the Voluntary Administrators of Antares Energy Limited (Administrators Appointed) ACN 009 230 749 for the period 10 May 2016 to 21 November 2016 (inclusive) be calculated on a time basis at the hourly rates set out in the Schedules of FTI Consulting Standard Rates effective 1 January 2016, and is determined and approved for payment in the amount of \$534,078.00 plus GST and the Voluntary Administrators can draw the remuneration.

Resolution 2: Remuneration from 22 November 2016 to 2 December 2016 (inclusive)

The remuneration of the Voluntary Administrators of Antares Energy Limited (Administrators Appointed) ACN 009 230 749 for the period 22 November 2016 to 2 December 2016 (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 January 2016, up to a capped amount of \$20,000.00 plus GST, and the Voluntary Administrators can draw the remuneration.

Resolution 3: Remuneration from 2 December 2016 to the date the DOCA is executed (inclusive)

The initial future remuneration of the Deed Administrators of Antares Energy Limited (Administrators Appointed) ACN 009 230 749 in performance of services performed for the period from 2 December 2016 to the date the DOCA is executed (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 January 2016, up to an amount of \$50,000.00 plus GST, and the Deed Administrators can draw the remuneration as required.

Resolution 4: Remuneration from date the DOCA is executed to the termination of the DOCA (inclusive)

The initial future remuneration of the Deed Administrators of Antares Energy Limited (Administrators Appointed) ACN 009 230 749 for the period from the date the DOCA is executed to the termination of the DOCA (inclusive) is determined and approved for payment at a sum equal to the cost of time incurred by the Deed Administrators and staff of FTI Consulting, calculated at the hourly rates set out in the schedule of FTI Consulting Standard Rates effective 1 January 2016, up to an amount of \$150,000.00 plus GST, and the Deed Administrators can draw the remuneration as required.

Resolution 5: Remuneration from 2 December 2016 to the Conclusion of the Liquidation (inclusive)

The initial future remuneration of the Liquidators of Antares Energy Limited (Administrators Appointed) ACN 009 230 749 for the period from 2 December 2016 to the Conclusion 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 January 2016, up to an amount of \$100,000.00 plus GST, and the Liquidators can draw the remuneration as required.

Remuneration is calculated in accordance with the hourly rates applicable to the grades or classifications set in the Schedule of FTI Consulting Standard Rates effective 1 January 2016 which appears at Schedule 1 to this report.

At this stage, based on the information presently available to us, we consider that it may be necessary to convene a further meeting of creditors to seek further approval from creditors. However the position may change depending on the progress of the external administration and the issues that may arise.

Part 6: Disbursements

Explanatory note on disbursements

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional costs 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 external administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

I have undertaken a proper assessment of disbursements incurred during this external administration in accordance with the law and applicable professional standards. I am satisfied that the disbursements incurred are necessary and proper.

The following disbursements have been incurred by the external administration to FTI Consulting during the period 10 May 2016 to 21 November 2016. Where an amount has been paid to FTI Consulting as reimbursement of externally provided services and

costs, such payment is on account of an amount previously paid by FTI Consulting either due to a lack of funds in the external administration at the time the payment was due, or pursuant to the invoicing of FTI Consulting directly by the supplier. All of the paid items summarised below appear in the summary of receipts and payments which is included within/attached to accompanying documents.

Where payments to third parties have been made from the bank account of the external administration, those payments are only included in the summary of receipts and payments.

Table 9: Disbursements incurred between 10-May-2016 and 21-Nov-2016

Type	Basis of charge excl GST	Amount excl GST AUD
Externally provided non-professional services		
Advertising	At cost	2,404.37
Courier	At cost	254.09
Printing	At cost	395.00
Search fees	At cost	696.55
Staff travel - mileage	At cost	455.10
Other staff travel	At cost	3,849.22
Other out of pockets	At cost	30.00
Sub-total		8,084.33
Internal disbursements		
Printing & photocopying	Per page	
	0.50 (b/w)	
	1.00 (colour)	1,387.85
Telephone	At cost	313.00
Sub-total		1,700.85
Total		9,785.18

Creditor approval for disbursements is not required. However creditors have the right to question the incurring of the disbursements and can challenge disbursements in Court.

Future disbursements provided by FTI Consulting will be charged to the external administration on the following basis:

Table 10: Future disbursements

Type	Basis of charge excl GST AUD
Advertising and search fees	At cost
Courier	At cost
Postage	At cost
Printing & photocopying	Per page
	0.50 (b/w)
	1.00 (colour)
Facsimile	Per page
	1.50 (local)
	\$4.50
Storage and storage recall	At cost
Staff travel - mileage	Cents per km

Part 7: Report on Progress of the External Administration

The progress of the external administration is detailed in the Section 439A Report to Creditors which accompanies this report.

Part 8: Summary of Receipts and Payments

A summary of receipts and payments to and from our bank account for the Voluntary Administration for the period 10 May 2016 to 24 November 2016 appears as Schedule 6 to the Section 439A Report to Creditors which accompanies this report.

If any large or exceptional receipts and payments are received or made after this report is prepared but before the meeting at which this claim for remuneration will be considered, additional information will be provided at the meeting.

Part 9: ASIC Information Sheet on Remuneration Approval

ASIC has produced a series of information sheets about insolvency which includes “*Information Sheet 85 Approving Fees: A Guide to Creditors*”. Those information sheets can be downloaded from:

- ASIC: <http://asic.gov.au/regulatory-resources/insolvency/insolvency-for-creditors/creditors-fees-of-insolvency-practitioners/#7>; or
- ARITA: www.arita.com.au/insolvency-you/insolvency-explained/insolvency-fact-sheets.

Part 10: Queries

Please let us know if you have any queries or require any further information concerning our claim for remuneration.

Yours faithfully
Antares Energy Limited
(Administrators Appointed)



QJ Olde
Joint and Several Administrator

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Schedule 1: Schedule of Rates

FTI Consulting Standard Rates effective 1 January 2016 (excluding GST)		
Typical classification	\$/hour	General guide to classifications
Senior Managing Director	625	Registered/Official Liquidator and/or Trustee, with specialist skills and extensive experience in all forms of insolvency administrations. Alternatively, has proven leadership experience in business or industry, bringing specialist expertise and knowledge to the administration.
Managing Director	575	Specialist skills brought to the administration. Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee. May also be a Registered/Official Liquidator and/or Trustee. Alternatively, has extensive leadership/senior management experience in business or industry.
Senior Director	565	Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee, where required. May also be a Registered/Official Liquidator and/or Trustee or have experience sufficient to support an application to become registered. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.
Director	510	Significant experience across all types of administrations. Strong technical and commercial skills. Has primary conduct of small to large administrations, controlling a team of professionals. Answerable to the appointee, but otherwise responsible for all aspects of the administration. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.
Senior Consultant 2	425	Typically an ARITA professional member. Well developed technical and commercial skills. Has experience in complex matters and has conduct of small to medium administrations, supervising a small team of professionals. Assists planning and control of medium to larger administrations.
Senior Consultant 1	370	Assists with the planning and control of small to medium administrations. May have the conduct of minor administrations. Can supervise staff. Has experience performing more difficult tasks on larger administrations.
Consultant 2	350	Typically CAANZ qualified (or similar). Required to control the tasks on small administrations and is responsible for assisting with tasks on medium to large administrations.
Consultant 1	305	Qualified accountant with several years experience. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 2	275	Typically a qualified accountant. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 1	255	Typically a university undergraduate or graduate. Required to assist with day-to-day tasks under the supervision of senior staff.
Junior Associate	180	Undergraduate in the latter stage of their university degree.
Administration 2	180	Well developed administrative skills with significant experience supporting professional staff, including superior knowledge of software packages, personal assistance work and/or office management. May also have appropriate bookkeeping or similar skills.
Junior Accountant	145	Undergraduate in the early stage of their university degree.
Administration 1	145	Has appropriate skills and experience to support professional staff in an administrative capacity.



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Liability limited by a scheme approved under Professional Standards Legislation

About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organisations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. FTI Consulting professionals, who are located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring. More information can be found at www.fticonsulting.com.

Antares Energy Limited (Administrators Appointed) ACN 009 230 835 (‘the Company’)

17 May 2016

FORMER ADMINISTRATORS’ REMUNERATION REPORT

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Part 1: Declaration

We, Bryan Kevin Hughes and Daniel Johannes Bredenkamp ('the Former Administrators'), have undertaken a proper assessment of this remuneration claim with respect to our appointment as Joint and Several 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 in the conduct of the administration whilst the Company was under our control.

Part 2: Executive summary

To date, no remuneration has been approved and paid in this administration. This remuneration report details approval sought for the following fees:

Period	Appendix	Amount (GST Excl)
Current remuneration approval sought:		
<i>Voluntary Administration</i>		
Resolution [1]: 28 April 2016 – 10 May 2016	1.1	\$101,010.50
Total – Voluntary Administration*		\$101,010.50

Please refer to the report section references detailed above for full details of the calculation and composition of the remuneration approval sought.

The actual cost differs to the estimate of costs provided in the Initial Advice to Creditors dated 29 April 2016, which estimated a cost to completion of the administration of \$75,000 to \$150,000 (excluding GST), for the following reasons:

- The Former Administrators were replaced at the first meeting of creditors and therefore the estimate does not include the entire administration period;
- Additional time was necessarily incurred informing and explaining to Noteholders the administration process and the resolutions being put forward at the first meeting of creditors to ensure they could make an informed decision;

- Liaising with overseas stakeholders outside of normal working hours;
- Liaising with various stakeholders, including meeting with major Noteholders and the Trustee of the Note Trust Deed;
- Liaising with legal representatives on a number of legal issues that arose (i.e. analysis of Note Trust Deed and constitution, advise on voting entitlements, advise on invalid proxies received, dealings with Trustee's legal representative); and
- Receipting and verifying the overwhelming number of proxies and proof of debts submitted to us by creditors, Perpetual and FIIG Securities, including duplicates.

Part 3: Description of work completed / to be completed

Attached as Appendix 1.1, is a summary description of the work completed during the voluntary administration for the period 28 April 2016 to 10 May 2016.

Part 4: Calculation of Remuneration

We seek approval of remuneration for the period from 28 April 2016 to 10 May 2016. Based on the Pitcher Partners (WA) Pty Ltd scale of rates, the time costs incurred in relation to the administration of the Company as at 10 May 2016 is \$101,010.50 exclusive of GST. Attached as Appendix 2 is a matrix showing how the time has been incurred to 10 May 2016 and allocated between staff members and tasks.

Part 5: Statement of Remuneration Claim

To date, no remuneration has been approved and paid in this administration.

At the second meeting of creditors to be convened by FTI Consulting (Australia) Pty Ltd ('FTI'), creditors will be asked to consider the below resolution.

Resolution 1

Retrospective fees for the period 28 April 2016 to 10 May 2016 were in the amount of \$101,010.50 plus GST and disbursements. FTI will put the following resolution to creditors at the second meeting of creditors:

'That the remuneration of Bryan Hughes and Daniel Bredenkamp, in their former capacity as Administrators of the Company, and their staff, for the period 28 April 2016 to 10 May 2016 in the amount of \$101,010.50 plus GST and disbursements, calculated in accordance with the Pitcher Partners (WA) Pty Ltd scale of rates, be approved and the Former Administrators be authorised to draw the remuneration immediately.'

Part 6: Remuneration recoverable from external sources

We have not received any remuneration from external sources.

Part 7: 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. The recovery of these costs must be on a reasonable commercial basis.

We have undertaken a proper assessment of disbursements claimed for the administration in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

To date, no disbursements have been paid by the administration to our firm.

Please find set out in the table below disbursements incurred to date. These disbursements are yet to be billed to this administration.

Type	Disbursement	Amount (GST Excl) (\$)
Externally provided professional services	Total	-
Externally provided non-professional costs	Parking	90.89
	Accommodation	382.72
	Flights	1,420.00
	Total	1,893.61
Internally provided non-professional costs	Telephone / Fax	6.11
	Printing / Photocopying	793.50
	Total	799.61

Creditor approval for the payment of disbursements is not required. However, the Former Administrators must account to creditors. Further information about disbursements actually incurred will be provided upon request.

Part 8: Report on Progress of the Administration

Please liaise directly with FTI Consulting (Australia) Pty Ltd ('FTI') to obtain a report on the progress of the administration.

Part 9: Summary of Receipts and Payments

Attached as Appendix 3 is a summary of receipts and payments for the period from 28 April 2016 to 10 May 2016 and shows the balance held totalling \$144,695.

Part 10: Queries

Should creditors require any further information, they can request that information from FTI.

Part 11: Information Sheet

Creditors may obtain further information from the ASIC Information Sheet 85 – Approving fees: A Guide for Creditors at:

http://download.asic.gov.au/media/1310767/Approving_fees_guide_for_creditors.pdf

Dated this 17th day of May 2016



BRYAN HUGHES
Former Joint and Several Administrator

Appendix 1: Description of work completed / to be completed

1.1 Tasks undertaken by the Former Administrators and remuneration calculation for the period 28 April 2016 to 10 May 2016.

Based on the following tasks, the Former Administrators' remuneration for the period 28 April 2016 to 10 May 2016 was \$101,010.50 (exclusive of GST).

Task Area	General Description	Includes
Administration [32.3 hours] [\$16,575]	Correspondence	Preparing declaration of independence, relevant relationships and indemnities. Preparing and sending notices of appointment to various parties including the Office of State Revenue, the Sheriff and Workcover.
	Document Maintenance/File Review/Checklists	Preparing and filing all inwards and outbound correspondence, emails, diary notes, facsimiles and other correspondence. Updating and maintaining work program and CORE diaries.
	Insurance	Identifying potential issues requiring attention of insurance specialists. Corresponding with insurance broker regarding initial and ongoing insurance requirements.
		Reviewing pre-appointment insurance

		policies.
	Bank Account Administration	Open new bank account controlled by the Administrators. Setting up bank account information in CORE (insolvency accounting software).
	ASIC	Preparing and lodging ASIC forms as required. Posting notice of appointment and notice of meetings on the ASIC Insolvency Notices website. Teleconference with ASIC regarding their investigations.
	ASX	Notifying the ASX of the appointment of the Administrators. Preparing and lodging market announcement regarding the appointment of the Administrators and progress of the administration.
	ATO & Other Statutory Reporting	Notifying the ATO of the appointment of the Administrators. Attending and lodging the Company's outstanding pre-appointment IAS lodgement.
	Planning / Review	Preparing statutory timeline for administration. Holding regular internal meetings regarding status of administration and outstanding matters to be attended to.
Assets	Cash at Bank	Notifying major banks of the

[50.1 hours] [\$30,963]	Administrators' appointment and requesting a freeze be placed on the Company's pre-appointment bank accounts. Liaising with Bankwest regarding transfer of pre-appointment cash at bank to an account under the control of the Administrators.	Creditors [97.3 hours] [\$46,601]	Creditor Enquiries Receiving and following up creditor enquiries via facsimile, post, telephone and email. Maintaining creditor register.
Motor Vehicle	Liaising with the Company's former executive staff regarding details of the Company's motor vehicle and undertaking a redbook.com.au valuation. Preparing and issuing letter to the Department of Transport requesting a search for any vehicles registered to the Company.	Noteholders	Liaising with legal representation on analysis of Note Trust Deed and Company's constitution. Liaising with Noteholders regarding the status of the Company and explaining the voluntary administration process. Liaising with the Trustee, Dan Rose, of the Note Trust Deed to discuss the administration process and proposed strategy of the Company. Receiving and following up Noteholder enquiries via facsimile, post, telephone and email. Contacting various Noteholders to advise them of the administration process and providing them with details of Pitcher Partners Perth's capabilities and experience. Maintaining Noteholders register.
Northern Star and Big Star Projects	Teleconferences with the Company's pre-appointment investment and merchant banker to obtain information about the sales process to date, oversee the current sales process and discuss future sales process strategies. Review and analyse expired leases and summarise in a table for review and consideration. Consulting with industry specialists and researching the current oil and gas market.	Shareholders	Receiving and following up shareholder enquiries via facsimile, post, telephone and email.
		First Meeting of Creditors	Preparing notice of appointment, meeting notices, proxies and proof of debt.

		Preparing and issuing the Circular to Creditors, Suppliers and Noteholders regarding the first meeting of creditors and sending to all known creditors.	Employees [0.7 hours] [\$283.50]	Employees	Issuing letter to the Company's former employee to confirm resignation of employment.
		Preparing meeting file, including agenda, certificate of postage, attendance register, list of creditors, circular and advertisement of meeting.	Investigation [1.6 hours] [\$623.50]	Preliminary Investigations	Liaising with former employee on reimbursement of expenses.
		Entering numerous proxies received into CORE.			Collecting electronic copies of Company books and records from the Company's directors to conduct investigations.
		Liaising with legal representation on proxies received and voting.			Corresponding with the directors to obtain statement about the Company's business, property, affairs and financial circumstances.
		Liaising with creditors and Noteholders regarding resubmitting their proxies as their originals were invalid.			Conducting preliminary enquiries into the financial position of the Company as at the date of my appointment based upon the review of information provided by the Company to date and external sources.
		Reviewing and confirming all proxies submitted by Perpetual and FIIG Securities on behalf of Noteholders were received and particulars entered into CORE (we note there were a majority of duplicate proxies submitted in this regard).	Trade On [7.2 hours] [\$3,264.50]	Trade On Management	Meetings with the directors to ascertain the Company's operations, financial position and future strategy of the administration.
		Convening and holding first meeting of creditors.			Prepared detailed statement of positions, budgets and cash flows projections of the Company.
	PPSR	Conducting searches of the PPSR to obtain details of security interests registered against the Company.			Corresponding with utilities providers regarding account disconnections and new account openings.
Dividend [7.5 hours] [\$2,700]	Dealing with Proof of Debts	Receipting, entering and filing numerous proof of debts from creditors and Noteholders and maintaining register of claims received.			Reviewing and issuing a letter to Wembley Corporate Services

regarding their pre-appointment contract.

Regular discussions with the directors to monitor ongoing trading issues in the United States.

Purchase Orders

Dealing with general trade-on issues including preparing purchase orders.

Maintaining purchase order and payment schedules on excel.

Receipts and Payments

Processing receipts in CORE.

Preparing payment and receipt vouchers to the Company's bank account and Pitcher Partners Trust Account.

Appendix 2: Matrix of Former Administrators' costs

Professional fees for the Administration Period from 28 April 2016 to 10 May 2016:

Employee	Position	Standard Rate (\$)	Sum of Hours	Sum of Unbilled WIP (\$)	Administration (\$)	Assets (\$)	Creditors (\$)	Dividend (\$)	Employees (\$)	Investigations (\$)	Trade On (\$)
Hughes, Bryan	Executive Director	680	69.8	47,464.00	4,216.00	26,588.00	16,660.00	-	-	-	-
Bredenkamp, Daniel	Executive Director	680	21.8	14,824.00	5,712.00	1,360.00	6,664.00	-	-	-	1,088.00
Coghill, Claire	Manager	500	1.3	650.00	-	-	650.00	-	-	-	-
Iskandar, Enrico	Manager	500	1	500.00	-	-	500.00	-	-	-	-
Black, Amy	Assistant Manager	405	43.8	17,739.00	4,333.50	1,215.00	9,315.00	-	283.50	607.50	1,984.50
Kossen, Chris	Senior 2	360	47.8	17,208.00	2,196.00	1,188.00	10,980.00	2,700.00	-	-	144.00
Leith, Ryan	Senior 2	360	1	360.00	-	-	360.00	-	-	-	-
Griffiths, Charles	Senior 1	320	1.5	480.00	-	-	480.00	-	-	-	-
De Haan, Evan	A3	280	0.5	140.00	-	140.00	-	-	-	-	-
Devlin, Georgia	A1	220	6.1	1,342.00	22.00	440.00	880.00	-	-	-	-
Bateman, Jessica	Secretary/WPO	160	1.6	256.00	48.00	32.00	112.00	-	-	16.00	48.00
McDonald, Alexandra	Paraprofessional	95	0.5	47.50	47.50	-	-	-	-	-	-
Total (GST Exclusive)				101,010.50	16,575.00	30,963.00	46,601.00	2,700.00	283.50	623.50	3,264.50
GST				10,101.05	1,657.50	3,096.30	4,660.10	270.00	28.35	62.35	326.45
Total (GST Inclusive)				111,111.55	18,232.50	34,059.30	51,261.10	2,970.00	311.85	685.85	3,590.95
Average Hourly Rate (GST Exclusive)				514							

Appendix 3: Summary of Receipts and Payments

Below is a summary of receipts and payments from the bank account controlled by the Former Administrators prepared as at 10 May 2016.

RECEIPTS	Amount (\$)
Cash at Bank	144,695
Total Receipts	144,695
PAYMENTS	
Total Payments	-
BALANCE ON HAND	144,695

Annexure B



PITCHER PARTNERS

(WA) PROPRIETARY LIMITED

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Perth
WA 6000

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Melbourne | Sydney | Perth | Adelaide | Brisbane | Newcastle

TAX INVOICE

To: Antares Energy Limited (Administrators
Appointed)
C/- FTI Consulting (Australia) Pty Ltd
Attention: Quentin Olde
Level 15, 50 Pitt Street
Sydney NSW 2000

Invoice Date: 17 May 16

Client No: ANT920

Invoice No: 36863

For professional fees rendered during the period 11 May 2016 to 16 May 2016.

Please refer to the attached Client Note Narrations report for details of tasks undertaken during the period.

The time/cost analysis is calculated based on the Pitcher Partners Perth Business Recovery and Insolvency Services Standard Scale of Hourly Rates as at 1 July 2015.

Bryan Hughes - Total Hours 0:18	204.00
Daniel Bredenkamp - Total Hours 2:30	1,700.00
Amy Black - Total Hours 7:24	2,997.00
Chris Kossen - Total Hours 6:18	2,268.00
Tallulah Macmillan - Total Hours 0:18	28.50

Total Time	7,197.50
Total Disbursements	0.00
Our Fee	7,197.50
Add: GST (10%)	719.75

TOTAL FEE **\$7,917.25**

Terms 7 days

Direct Deposit Details:

Account Name: Pitcher Partners Cash Management

Bank: Macquarie Bank Limited

BSB: 186 300

Account No: 3017 53935

Client Name	Code Type	Date Created	Invoice Date	Billing Company	InputLine Date	Emp Name	Comment	Hours	At Standard	This Bill Billed
Antares Energy Limited - Post Administration	Time	17/05/2016	17/05/2016	Pitcher Partners WA Pty Ltd	12/05/2016	Macmillan Tallulah	Created new client in MYOB	0.30	28.50	28.50
Antares Energy Limited - Post Administration	Time	17/05/2016	17/05/2016	Pitcher Partners WA Pty Ltd	11/05/2016	Black Amy	Commence reconciliation of cash at bank less trading liabilities and administrators remuneration. Email to Luke Goss re insurance (and phone call), email to Telstra, Share Registry, QV1 and Vicky regarding expenses)	0.80	324.00	324.00
Antares Energy Limited - Post Administration	Time	17/05/2016	17/05/2016	Pitcher Partners WA Pty Ltd	11/05/2016	Black Amy	Email to noteholder advising of outcome of meeting and provided new administrator details	0.10	40.50	40.50
Antares Energy Limited - Post Administration	Time	17/05/2016	17/05/2016	Pitcher Partners WA Pty Ltd	12/05/2016	Black Amy	Call with Vicky McAppion regarding the payment of employment reimbursement	0.20	81.00	81.00
Antares Energy Limited - Post Administration	Time	17/05/2016	17/05/2016	Pitcher Partners WA Pty Ltd	12/05/2016	Black Amy	Email to Eileen and Quentin of FTI regarding letter requesting misc. records. Reviewed records provided and sent email advising of them of where the information is and reminding them of conversation at meeting regarding other matters. Advised on reconciliation being prepared.	0.30	121.50	121.50
Antares Energy Limited - Post Administration	Time	17/05/2016	17/05/2016	Pitcher Partners WA Pty Ltd	12/05/2016	Black Amy	Email to John and Quentin at FTI Committee of Creditors details - locate details from file and Jess	0.20	81.00	81.00
Antares Energy Limited - Post Administration	Time	17/05/2016	17/05/2016	Pitcher Partners WA Pty Ltd	12/05/2016	Black Amy	Review minutes and update accordingly. Advise FTI that minutes will be lodged within 10 day of meeting	1.10	445.50	445.50
Antares Energy Limited - Post Administration	Time	17/05/2016	17/05/2016	Pitcher Partners WA Pty Ltd	12/05/2016	Black Amy	Update reconciliation with new information available WIP, Insurance, QV1 etc.	0.30	121.50	121.50
Antares Energy Limited - Post Administration	Time	17/05/2016	17/05/2016	Pitcher Partners WA Pty Ltd	16/05/2016	Black Amy	Prepare letter to FTI Consulting regarding reconciliation, post appointment invoice and funds held on trust. Complete reconciliation.	1.60	648.00	648.00
Antares Energy Limited - Post Administration	Time	17/05/2016	17/05/2016	Pitcher Partners WA Pty Ltd	16/05/2016	Black Amy	Review remuneration report and update comments in the WIP section. Confirm all comments in raw WIP report are included in remuneration report and/or summarised. Discuss remuneration report with BH and locate disbursements from Corporate Traveller and add to remuneration report and update letter	2.80	1134.00	1134.00
Antares Energy Limited - Post Administration	Time	17/05/2016	17/05/2016	Pitcher Partners WA Pty Ltd	11/05/2016	Bredenkamp Daniel	Discussion with AB & BH re hand-over issues to FTI, considering our position, review of correspondence from FTI re info request and various emails etc.	2.50	1700.00	1700.00
Antares Energy Limited - Post Administration	Time	17/05/2016	17/05/2016	Pitcher Partners WA Pty Ltd	13/05/2016	Hughes Bryan	List of persons present at meeting	0.10	68.00	68.00
Antares Energy Limited - Post Administration	Time	17/05/2016	17/05/2016	Pitcher Partners WA Pty Ltd	13/05/2016	Hughes Bryan	Minutes of meeting Tuesday 10 May	0.20	136.00	136.00
Antares Energy Limited - Post Administration	Time	17/05/2016	17/05/2016	Pitcher Partners WA Pty Ltd	12/05/2016	Kossen Chris	Collate outstanding liabilities for preparation of SOP	1.00	360.00	360.00
Antares Energy Limited - Post Administration	Time	17/05/2016	17/05/2016	Pitcher Partners WA Pty Ltd	12/05/2016	Kossen Chris	Continue drafting minutes of first meeting of creditors.	1.50	540.00	540.00
Antares Energy Limited - Post Administration	Time	17/05/2016	17/05/2016	Pitcher Partners WA Pty Ltd	12/05/2016	Kossen Chris	Draft remuneration report	2.00	720.00	720.00
Antares Energy Limited - Post Administration	Time	17/05/2016	17/05/2016	Pitcher Partners WA Pty Ltd	13/05/2016	Kossen Chris	Continue drafting remuneration report.	1.00	360.00	360.00
Antares Energy Limited - Post Administration	Time	17/05/2016	17/05/2016	Pitcher Partners WA Pty Ltd	13/05/2016	Kossen Chris	Finalise minutes of meeting and lodge on ASX.	0.30	108.00	108.00
Antares Energy Limited - Post Administration	Time	17/05/2016	17/05/2016	Pitcher Partners WA Pty Ltd	13/05/2016	Kossen Chris	Prepare finalisation documentation for ASIC.	0.50	180.00	180.00
Antares Energy Limited - Post Administration Total								16.80	7197.50	7197.50