

Statutory Report by Liquidator

Tamarind New Zealand Pty Limited (In Liquidation)
ACN 079 230 354 (the “Company”)

15 July 2020

Matthew James Byrnes

Joint and Several Liquidator

T (03) 8320 2222

E matt.byrnes@au.gt.com

Andrew Stewart Reed Hewitt

Joint and Several Liquidator

T (03) 8320 2222

E andrew.hewitt@au.gt.com



Introduction

We refer to our initial correspondence to creditors dated 24 April 2020 in which we advised you of our appointment as Joint and Several Liquidators and your rights as a creditor in the liquidation.

The purpose of this report is to:

- Provide you with an update on the progress of the liquidation; and
- Advise you of the likelihood of a dividend being paid in the liquidation.

We have relied on information provided from numerous sources to prepare this report, including:

- Report on company activities and property as completed and returned by the Company's Directors;
- Reports prepared by the former Administrators and former Liquidators of Tamarind Taranaki Limited (In Liquidation and Receivership) (an associated entity of the Company), and the Liquidators of W M Petroleum Limited (In Liquidation and Receivership) and Stewart Petroleum Co Limited (In Liquidation and Receivership) (also associated entities of the Company),
- Discussions with various stakeholders of the Company; and
- Information available from public sources, such as, the Australian Securities and Investments Commission ("ASIC") and the Personal Property Securities Register ("PPSR").

Update on the progress of the liquidation

Assets and liabilities

The Directors of the Company were required to complete and provide to the Liquidator a statement about the Company's business, property, affairs and financial circumstances, also known as the Report on Company Affairs and Property ("ROCAP"). The ROCAP is a snapshot of the Company's assets and liabilities as at the date of our appointment, disclosing book values and an opinion on the estimated realisable value ("ERV") for assets.

Upon our appointment, a written request was issued to the Directors of the Company to complete the ROCAP. A ROCAP was received on 23 April 2020.

Below is an analysis of the assets and liabilities of the Company as provided by the Directors in the ROCAP and a comparison to the Liquidator's ERV. I have also included the amounts detailed in the Summary of Affairs provided to creditors in my initial report.

	Note	ROCAP Value (\$)	ERV as at 27 May 2020 (\$)
Assets			
Tui Project	1	Nil	Nil
Total Assets		-	-
Liabilities			
Amount owing to secured creditors	2	71,200,000	71,200,000
Amount owing to unsecured creditors	3	5,477,130	5,491,590
Total Liabilities		76,677,130	76,691,590
Estimated surplus/(deficiency)		(76,677,130)	(76,691,590)

Note	Commentary
1	<p>Tui Project</p> <p>The ROCAP detailed that the Company has a 20% interest in the Tui Project – a Joint Venture interest in Subsea Assets and Permit, being a joint venture with three (3) related companies incorporated and registered in New Zealand. The Directors advised that the Company’s interest in the Joint Venture held no value.</p> <p>My investigations indicate that the value of the assets is far exceeded by the costs which would be incurred to realise the assets. There is also a prior ranking claim in relation to an amount owing to a secured creditor, who has a registered security interests over the asset. As there is no equity available in the Joint Venture, we have disclaimed the Company’s interest.</p> <p>The Joint Venture is discussed in further detail below under the heading “What happened to the business of the company” and “Assets of the Joint Venture”.</p> <p>We understand the Company holds a registered security interest over New Zealand based companies, W M Petroleum Limited (In Receivership & Liquidation) and Stewart Petroleum Company Limited (In Receivership & Liquidation), who both hold interests in the Joint Venture. We are not aware of any debt owing from these parties subject to the security. We also note that both entities are in liquidation. We are not aware of any return being available to creditors of these entities however we will continue to monitor the progress of the liquidators for any potential returns and developments.</p>
2	<p>Amounts owing to secured creditors</p> <p>The Company’s Directors have disclosed in the ROCAP OCP Asia (Singapore) Pte Limited as a secured creditor, with an outstanding debt of \$71.2m.</p> <p>Our search of the Personal Properties Securities Register (PPSR) has identified three (3) PPSR registrations over the Company, two (2) by Madison Pacific Trust, and the third by W M Petroleum Limited (In Receivership & Liquidation) (W M Petroleum), AWE Taranaki Limited and Stewart Petroleum Company Limited (In Receivership & Liquidation) (Stewart Petroleum).</p>

We have written to all parties with an identified registration. To date we have received a response from one (1) party, being Madison Pacific Trust Limited who have advised their security relates to a loan facility with an outstanding amount of c,\$62.2m. We understand Madison Pacific Trust Limited is the trustee for OCP Asia (Singapore) Pte Limited (Secured creditor disclosed in the ROCAP).

Madison Pacific Trust, as secured creditor, appointed John Fisk and Malcolm Hollis as receivers of the Company on 25 March 2020 under the terms of a security deed entered into on or about 3 July 2019 with the parties to the Joint Venture, including Company. The property subject to their appointment is all of the Company's undertaking, properties and assets, excluding any subsea and offshore assets, any petroleum permits and any marine consents. We note the appointment is registered in New Zealand as the Company's main operations were based in New Zealand.

Following their appointment, the Receivers sought consent to act as the Company's agents in relation to the New Zealand assets subject to the Receivers' appointment, pursuant to the New Zealand Receiverships Act 1993. We confirm that after receiving advice this consent has been provided by the liquidators.

Further details regarding the other registered security interest has been sought from the secured parties however a response is yet to be received. We note that W M Petroleum and Stewart Petroleum are both related entities of the Company and hold an interest in the Joint Venture with the Company. As noted above, the Company also holds a registered security interest over these companies, indicating that the as part of the Joint Venture the entities were granted cross security interests. We note both companies have been placed into liquidation.

3	Amounts owing to unsecured creditors	<p>The Directors have indicated in their ROCAP that Tamarind Taranaki Limited (Receivers and Managers Appointed) (In Liquidation) is the only unsecured creditor. A proof of debt has been received from Tamarind Taranaki Limited (In Receivership & Liquidation) in the amount of c.\$5.5m which is consistent with the Directors' disclosure in their ROCAP.</p> <p>No other unsecured claims have been received in the Liquidation to date.</p>
----------	---	---

Receipts and Payments to date

Details of all receipts and payments in the Liquidation to can be found below:

	Amount (\$)
Receipts	
Indemnity Funding	38,480
Total Receipts	38,480
Payments	
Appointee Fees	28,500
Appointee Disbursements	81
Legal Fees	1,658
Total Payments	30,239
Net Receipts – Cash on hand as at 15 July 2020	8,241

Investigations and recovery actions

Investigations undertaken

We have commenced our initial investigations into the affairs of the Company and any potential recovery actions that may be available to the Joint and Several Liquidators to pursue.

To date, we have undertaken the following investigations:

- Written to all major banking institutions requesting that they conduct a search for any bank accounts held in the name of the Company;
- Conducted a search of the ASIC database;
- Requested that VicRoads conduct a search of their databases for any vehicles registered in the name of the Company;
- Conducted a search of the Personal Properties Securities Register (PPSR);
- Required that any property of the Company seized by the Sheriff be returned to the Liquidators;
- Written to WorkCover to identify any outstanding insurance liability and/or refunds for WorkCover premiums as at the date of our appointment;
- Liaised with liquidators appointed to related parties;
- Written to all parties registered on the PPSR; and
- Investigated the possibility of an insolvent trading claim and identified potential voidable transactions, further discussed in this Report.

Our findings from these investigations to date are detailed below. Given the limited time that has passed in the liquidation, and that further investigations will be undertaken, the below findings are preliminary and may be subject to change.

What happened to the business of the Company

The Company was incorporated on 4 July 1997 and its principle place of business as at the date of our appointment was Level 6, 60 Martin Place, Sydney, NSW, 2000.

The Company is a wholly owned subsidiary of Tamarind Resources Limited, a privately held oil gas company headquartered in Kuala Lumpur, Malaysia.

The Company has a 20% interest in a joint venture in the Tui Project, an offshore oil field located 50km off the coast of Taranaki, New Zealand, which consists of 3 subsea drill centres: Tui (2 production wells), Amokura (1 production well) and Pateke (2 production wells) which were operated by another joint venture partner, Tamarind Taranaki Limited (In Receivership and Liquidation) (TTL) and BW Offshore Singapore Pte Limited's ("BWO") floating production storage and offloading ("FPSO") vessel, Umuroa, via subsea facilities. TTL holds a 37.5% interest in the joint venture, with the remaining interest held by Stewart Petroleum Co Limited (In Receivership & Liquidation) ("Stewart Petroleum") and W M Petroleum Limited (In Receivership & Liquidation) ("W M Petroleum"). The three (3) entities in the joint venture with the Company are registered in New Zealand.

We note that operations were suspended on the Tui Project after the first of the three (3) planned wells, Tui 3H, came up dry. Following which, various parties issued statutory demands against TTL, the main operating party, and a winding up petition was filed. To avoid liquidation, TTL was placed into Voluntary Administration on 12 November 2019. Production subsequently ceased at the Tui Project as a result of an abatement notice imposed on TTL by the New Zealander Environmental Protection Agency and two (2) prohibition notices issued by Maritime NZ following an oil sheen identified on or around 21 November 2019. On 19 December 2019 TTL was placed into Liquidation and, Madison Pacific Trust Limited, as secured creditor over TTL, appointed John Fisk and Malcolm Hollis as Receivers.

The Liquidators of TTL advised that the Tui 3H Well had failed, and as such, the Directors of the Company took appropriate steps to determine if the Company should continue.

On 25 March 2020 John Fisk and Malcolm Hollis were also appointed Receivers over the other joint venture partners, Stewart Petroleum, W M Petroleum and the Company.

Further information concerning the Tui Project and the value of the assets are discussed below.

On 25 March 2020 John Fisk and Malcolm Hollis were also appointed Receivers over the other joint venture partners, Stewart Petroleum, W M Petroleum and the Company.

As a result of the appointment of the Receivers, the shareholders of the joint venture determined there was no commercial viability in continuing with the project, as in absence of further funding, to both continue with drilling in the remaining wells and fund the cleanup and remediation costs, the amounts owing to Madison Pacific under their security far exceeded the current realisable value of the assets.

The other joint venture partners, Stewart Petroleum and W M Petroleum, were also placed into liquidation on 15 April 2020.

The Company's Directors have indicated that the following factors also contributed to the financial difficulty faced by the Company prior to it being placed into Liquidation:

- Failure of a specific Well utilised in the Project functioning as required;
- Delays as a result of plant and machinery failing to operate as required for their intended purpose; and
- Reduction in the price of crude Oil.

Our investigations into the affairs of the Company confirm that the above reasons contributed to the financial difficulty faced by the Company, however the cessation of production at the Tui Project was the primary reason for the Company being placed into Liquidation.

Assets of the Joint Venture

Oil Assets

As noted above, the joint venture entities hold a joint venture in respect of the Tui Project. The former liquidator of TTL set out in their first report dated 6 January 2020 that the Tui Project has estimated oil reserves as follows:

	2P Reserves (mmbbl)	2C & Other Reserves (mmbbl)	Total Reserves (mmbbl)	Economically Viable Reserves (mmbbl)	USD Revenue at \$60 Brent (US\$,m)	Est. Capex Required (US\$,m)
Oil-in-Tank: FPSO Umuroa as at 6 Dec 2019	-	-	0.06	0.06	3.60	-
Tui production wells	1.70	-	1.70	0.01	0.60	-
Amokura + Pateke Infill / Sidetrack	3.20	-	3.20	2.90	174.00	43.80
Matata (Exploration)	-	12.30	12.30	11.70	702.00	87.80
Total	4.90	12.30	17.26	14.67	880.20	131.60

We understand that whilst the total reserves of the Tui Project exceed 4.9 million barrels, the current operation wells are near the end of life and were expected to only remain economically viable until March 2020. The 2P reserves at the Tui production wells have not yet been updated for the likely permanent suspension of the Tui 2H Well as a result of the oil sheen incident, mentioned above.

It is estimated that at least c. US\$131.6m further investment is required in order to extend the Tui Project beyond March 2020. In light of the additional costs required, the funds outstanding to the secured creditor and the estimated costs required for the clean-up associated with the oil sheen (estimated to be c. \$100m), we have determined that there is no value in the oil assets and as such have disclaimed the Company's interest in the Permit and the assets associated with same.

The following table and accompanying notes is a summary of the estimated outcome for the joint venture's interest in the Tui Project (noting the company holds a 20% interest in same), as extracted from a Memorandum prepared on 22 April 2020 by the Liquidators of TTL, Stewart Petroleum and W M Petroleum:

	Note	JV Entities (US\$)
Estimated Realisation from the Tui Project		
Potential net income from realisation of reserves of Amokura + Pateke Infill / Sidetrack	1	14,200,000
Estimated clean-up costs	2	100,000,000
Net realisations		(85,800,800)
Plus Assets		
Interest in the Tui Project	3	-
Tax rebate	4	Unknown
Fixed assets	5	Unknown
Total Assets		Unknown
Less Liabilities		
	6	
Secured creditors		71,200,000
Preferential creditors		95,886
Unsecured creditors		151,451,829
Total Liabilities		222,747,715
Estimated Surplus/(Deficit)		(308,547,715)

- The potential net income from the reserves of Amokura and Pateke Infill / Sidetrack is based on 2.9mmbbl economic viable reserves at US\$20 per barrel less CAPEX costs incurred of \$43.8m required to extract the oil reserves. As at 21 April 2020, crude oil prices had negative value. The estimate also excludes further CAPEX work that may need to be incurred to ensure compliance is maintained with requirements imposed by Maritime NZ and the EPA. We have not split the net income across the JV Entities for reporting purposes.
- The clean-up costs are currently estimated at US\$100m, however the true cost could be greater.
- The interest in the Tui Project is valued at nil as per the Directors' disclosure in the ROCAP.
- The likelihood of recovery of the tax rebate is unknown as it is unclear at what stage the P&A expenses are incurred and if this is done as part of the clean-up.
- It is understood that the joint venture entities own the permit to extract the oil and the subsea assets. The joint venture entities do not own any production equipment which would allow for the extraction itself. Note that following the disclaimer issued by the liquidator of the permit, the permit has been surrendered to the New Zealand Petroleum & Minerals, a branch of the New Zealand Ministry of Business, Innovation and Employment.
- Liabilities have been drawn from information supplied by the liquidators of the other joint venture entities, and the disclosures in the former liquidators of TTL's report. The unsecured creditors balance has been reduced by \$100m to separately detail the clean-up costs.

Other Assets

Creditors are advised that there is a potential tax rebate which relates to capital expenditure for Plugging and Abandonment expenses (P&A expenses), which is refundable by the New Zealand Inland Revenue Department under a new tax regime for the oil and gas sector. This refund could be c.US\$43m relating to the entities in the joint venture, however, it is unclear if this is claimable following the disclaimers issued by the joint venture entities for the Tui Project assets, depending on whether the P&A

expenses were incurred by the joint venture entities. Further investigations are being completed into this matter and creditors will be updated in the event there is likely to be any recoveries.

Insolvent trading

Our preliminary investigations have indicated that the Company likely became insolvent upon the Voluntary Administration of TTL and the subsequent cessation of production at the Tui Project. We are not aware of any debts incurred by the Company after this point in time and therefore have not identified a potential insolvent trading claim. Further investigations will be conducted in the event we become aware of any amounts incurred after November 2019 which remain outstanding.

Voidable transactions

Our preliminary investigations have not identified any recoverable unfair preference claims, uncommercial transactions, unfair loans or unreasonable director related transactions that are commercial to pursue at this stage.

However, our investigations are continuing and should any voidable transactions be identified recovery will be pursued if it is commercial to do so.

Report to ASIC

Pursuant to Section 533 of the Corporations Act 2001 (the Act), a liquidator is required to report to ASIC in circumstances where they believe the Company's directors have contravened the Act or where a dividend of less than fifty (50) cents in the dollar may be paid to the Company's unsecured creditors.

The Liquidators' report is being prepared and will be lodged with ASIC upon its completion. Creditors should note that this report is confidential and is not a publicly available document.

Further inquiries to be undertaken

I plan to undertake the following further investigations:

- Finalise our investigations into the affairs of the Company;
- Consider any legal implications of disclaiming the Company's interest in assets at the Project due to their being no equity in these assets for the benefit of the Company;
- Pursue any voidable transactions should they be identified in my further investigations; and
- Finalise our report to ASIC pursuant to the Act.

Proposal without Meeting

To minimise the costs of the liquidation, we previously sought approval from creditors for the following proposals without holding a meeting:

Resolution

-
- | | |
|---|--|
| 1 | "That the remuneration of the Liquidators', their partners and staff, for the period from 16 April 2020 to 23 April 2020, calculated at the hours spent at the rates detailed in my Initial Remuneration Notice dated 24 April 2020, is approved for |
|---|--|
-

payment in the amount of \$10,207.50, exclusive of GST, to be drawn from available funds immediately or as funds become available.”

- 2 “That the remuneration of the Liquidators’ for the period from 24 April 2020 to the finalisation of the Liquidation, is determined at a sum equal to the cost of time spent by the Liquidators’ and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 24 April 2020 provided to creditors, that may be increased at a rate of up to 7.5% at 1 July each year, up to a capped amount of \$24,975.00, exclusive of GST and disbursements, and that the Liquidators’ can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available.”
-
- 3 “That the internal disbursements claimed by the Liquidators’ for the period from April 2020 to the finalisation of the Liquidation, calculated at the rates detailed in the Initial Remuneration Notice dated 24 April 2020, are approved up to a capped amount of \$1,000.00, exclusive of GST, and that the Liquidators’ can draw the disbursements from available funds as incurred or as funds become available”.
-
- 4 “That the Liquidators’ be authorised to destroy the books and records of the Company six months after the date of its deregistration subject to the consent of the Regional Commissioner of the Australian Securities & Investments Commission in accordance with Section 70-35 of the Insolvency Practice Schedule (Corporations) 2016.”
-

We provided creditors with four (4) “proposal without a meeting” forms in the Liquidators’ initial correspondence to creditors with a return date of 25 May 2020. We received one (1) response prior to the return date, with all four (4) resolutions being passed by the majority of creditors in value and number.

Likelihood of a dividend

The likelihood of a dividend being paid to creditors will be affected by a number of factors including:

- The size and complexity of the administration.
- The amount of assets realisable and the costs of realising those assets.
- The statutory priority of certain claims and costs.
- The value of various classes of claims including secured, priority and unsecured creditor claims.
- The volume of enquiries by creditors and other stakeholders.

At the current time, there is not expected to be sufficient funds to pay a dividend to priority or unsecured creditors. However, if this changes and we do declare a dividend, any creditor whose claim has not yet been admitted will be contacted and asked to submit a proof of debt.

Cost of the liquidation

As previously advised in our initial information to creditors, we have estimated that our total remuneration for the liquidation is \$35,182.50 (excluding GST).

What happens next in the liquidation?

We will proceed with the liquidation, including:

- Complete our investigations into the Company's affairs;
- Pursue any voidable transactions identified;
- Complete our reporting to the corporate insolvency regulator, the Australian Securities and Investments Commission (ASIC);
- Finalisation of the matter.

We may write to you again with further information on the progress of the liquidation.

We expect to have completed this liquidation within twelve (12) months.

Compliance with best practice

We confirm that this report complies with the requirements in the Insolvency Practice Rules (IPR), specifically IPR 70-40, as well as the statements of best practice issued by the Australian Restructuring Insolvency and Turnaround Association (ARITA) with regard to content of the Statutory Report by Liquidator.

What to do next

You should now:

- Read the attached report; and
- Complete and return your proof of debt with supporting documentation, if you have not done so already.

Where can you get more information?

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

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

Should you have any queries with respect to the above, you may also contact William Hardiman of my office on +61 3 8663 6622 or via email on william.hardiman@au.gt.com. There is also information about this liquidation on our firm's website.

Dated this 15th day of July 2020

MATTHEW JAMES BYRNES
JOINT AND SEVERAL LIQUIDATOR



Grant Thornton

An instinct for growth™

grantthornton.com.au

[Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389]

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.

Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions.

In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities.

Liability limited by a scheme approved under Professional Standards Legislation.

© 2020 Grant Thornton Australia Limited.