



Grant Thornton

An instinct for growth™

To the creditor as addressed

Friday, 19 October 2018

**Grant Thornton
Australia Limited**
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Initial information for creditors

NORTHERN ENERGY CORPORATION LIMITED (ADMINISTRATORS APPOINTED)

ACN 081 244 395

COLTON COAL PTY LTD

ACN 140 768 636 (ADMINISTRATORS APPOINTED)

(Collectively referred to as “the Companies”)

The purpose of this document is to provide you with information about the voluntary administrations of the Companies and your rights as a creditor.

Notification of appointment

Shaun McKinnon and I were appointed Voluntary Administrators of the Companies by a resolution of the Companies’ directors on 17 October 2018.

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

What is a voluntary administration?

A voluntary administration, or VA, is a process initiated by the directors of a company when they believe that the company is, or is likely to become, insolvent. This means that the Company is unable to pay its debts, or is likely to become unable to pay its debts.

A voluntary administration gives a company an opportunity to consider its financial position and its future. Creditors will be given an opportunity to vote on the future of the Company.

According to the Companies’ records, you may be a creditor of one or both of the Companies.

ABN-41 127 556 389 ACN-127 556 389

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What happens to your debt?

All creditors of the Companies are now creditors in the voluntary administration. As a creditor, you have certain rights, although your debt will be dealt with in the voluntary administration.

It is important to note that a voluntary administration creates restrictions on creditors being able to enforce their rights. You generally cannot enforce your claim, recover your property, enforce your security, commence an action to place the Companies into liquidation or act on a personal guarantee.

If you have leased the Companies' property, have a retention of title claim or hold a Personal Property Security in relation to the Companies, please contact our staff as soon as possible.

Your rights as a creditor

Information regarding your rights as a creditor is provided in the information sheet included at Appendix B. This includes your right to:

- Make reasonable requests for information
- Give directions to us
- Appoint a reviewing liquidator
- To replace us as voluntary administrators.

Meetings of creditors

As voluntary administrator, we are required to hold two meetings of creditors.

First meeting of creditors

The first meeting of creditors will be held as follows:

Date: 29 October 2018
Time: 11:00 AM
Address: Grant Thornton
Level 18, 145 Ann Street
Brisbane City QLD 4000

Further meeting information, including notice of meeting are in Appendix C. To participate in this meeting, you may need to:

- Submit a proof of debt and information to substantiate your claim.
- Appoint a person – a “proxy” or person authorised under a power of attorney – to vote on your behalf at the meeting. This may be necessary if you are unable to attend the meeting, or if the creditor is a company.

You can appoint the chairperson of the meeting as your proxy and direct the chairperson how you wish your vote to be cast. If you choose to do this, the chairperson must cast your vote as directed.

Proof of debt and proxy forms are included with the notice of meeting. To facilitate the conduct of the meeting, completed proof of debt and, if applicable, proxy forms must be returned to our office by post, fax or email by 12:00pm on 26 October 2018.

Committee of Inspection

At this meeting, creditors will consider whether a Committee of Inspection (COI) should be appointed. The role of a Committee of Inspection is to consult with the voluntary administrator and receive reports on the conduct of the administration. A creditors' committee can also approve the administrator's fees.

It is our opinion that a COI is not required for this voluntary administration as the quantum of creditors does not appear to warrant the formation of a COI. Ultimately however, this is a decision for creditors.

Second meeting of creditors

We will also in due course call a second meeting of creditors. Before that meeting you will be sent the notice of meeting and a detailed report which sets out the options for the Companies' future. We will also give our opinion as to what option we think is in the best interests of creditors. At that second meeting, creditors will decide about the future of the Companies.

You are encouraged to attend these meetings and participate in the voluntary administration process.

What happens next with the Voluntary Administration?

We will proceed with the voluntary administration, including:

- Preparing for and holding the meetings of creditors
- Undertaking investigations into the Companies' affairs
- Analysing any offer for a deed of company arrangement that is received (if any)
- Preparing our report to creditors.

As discussed above, you will receive further correspondence from us before the second meeting of creditors.

Costs of the voluntary administration

Included at Appendix D is our Initial Remuneration Notice. This document provides you with information about how we proposed to be paid for undertaking the voluntary administration.

We will seek your approval of our remuneration at the second meeting of creditors. We will provide you with detailed information regarding our remuneration before that meeting so that you can understand what tasks we have undertaken or will be required to undertake, and the costs of those tasks.

Where can you get more information?

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

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

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

What you should do next

You should now:

- read the attached information
- decide whether you are going to attend the first meeting, and

- complete and return your proof of debt, and if required, proxy form by 12.00pm on 26 October 2018.

Please contact Irem Aydin of our office on +61 8297 2738 or Irem.Aydin@au.gt.com should you require further information.

There is also information about these voluntary administrations on our firm's website:
<https://www.grantthornton.com.au/en/creditors-information/creditors-information-a-f/colton-coal-pty-ltd--northern-energy-corporation-limited/>.

Yours faithfully



Said Jahani
Joint and Several Administrator

Attachments

Appendix A - Declaration of Independence, Relevant Relationships and Indemnities
Appendix B - Information Sheet - Creditor Rights in Voluntary Administration
Appendix C - Notice of meeting and other meeting information
Appendix D - Initial Remuneration Notice

Declaration of Independence, Relevant Relationships and Indemnities

Northern Energy Corporation Ltd (Administrators Appointed)
ACN 081 244 395 (NEC)

Colton Coal Pty Ltd (Administrators Appointed)
ACN 140 768 636 (Colton Coal)

(Collectively referred to as “the Companies”)

Practitioner/s appointed to an insolvent entity are required to make declarations as to:

- A their independence generally
- B relationships, including
 - i the circumstances of the appointment
 - ii any relationships with the [company/debtor] and others within the previous 24 months
 - iii any prior professional services for the [company/debtor] 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 ourselves, our partners, Grant Thornton Australia Limited (GTAL) (the Firm) and any of the GTAL’s associated entities.

A Independence

We, Said Jahani and Shaun McKinnon of Grant Thornton Australia Limited have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Administrators of the Companies 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

Circumstances of appointment

This appointment was referred to us by Todd Barlow, Chief Executive Officer of Washington H Soul Pattinson & Company Limited (“WHSP”) and also a director of New Hope Corporation Limited (“NHC”). WHSP is an investment house with investments in a diverse portfolio of assets across a range of industries. WHSP has a 50% shareholding in NHC. From time to time, GTAL has undertaken accounting and advisory services for several of WHSP’s various investments.

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

- We have never provided any such accounting and/or advisory services to the Companies or NHC; and
- Referrals from business contacts are commonplace and do not impact on our independence in carrying out our duties as voluntary administrators.

On 16 and 17 October 2018, we had several telephone conversations with Mr Matthew Busch, Chief Financial Officer of NHC, to understand the background of the Companies and also to negotiate the terms of an indemnity, the details of which are provided below.

We were also subsequently contacted by Mr Daniel Davey of Tucker Cowen, who acts as solicitor for several of the Companies' directors in relation to this referral.

On or about 15 October 2018, we also had a conversation with Mr Davey of Tucker Cowen. The purpose of this conversation was to provide background for the need of a possible voluntary administrator appointment.

We received no fees in respect to the above referred discussions and believe they do not result in a conflict of interest or duty, or affect our independence for the following reasons:

- The Court and ARITA's Code of Professional Practice specifically recognise the need for practitioners to provide advice on the insolvency process and the options available and do not consider that such advice results in a conflict or is an impediment to accepting the appointment;
- Advice was only provided to the Companies in respect of limited scope items. The advice and information given was limited to the financial situation of the Companies, consequences of insolvency and the options available to the Companies. No advice was provided to the board, directors, or any other stakeholders;
- The nature of the advice provided is such that it would not be subject to review and challenge during the course of the Voluntary Administration; and
- The pre-appointment advice will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the Voluntary Administration of the Companies in an objective and impartial manner.

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

Relevant Relationships (excluding Professional Services to the Insolvent)

Concurrent Appointments

Nature of professional services	Reasons
<p>We were concurrently appointed voluntary administrators of the Companies, being:</p> <ul style="list-style-type: none"> • Northern Energy Corporation Limited; and • Colton Coal Pty Limited. 	<p>We believe that this relationship does not result in a conflict of interest or duty because:</p> <ul style="list-style-type: none"> • Colton Coal is a 100% owned subsidiary of NEC. The nature of the business operations means that the voluntary administrations can be conducted more efficiently by one appointed firm. • Following discussions with relevant persons whom have understanding of the Companies' structure, we have not identified any conflicts of interest caused from real dispute as to the facts, or as to the validity of transactions between the Companies. • We are not aware of any conflicts of interests as between the Companies. Should a conflict arise, we will keep creditors informed and take appropriate action to resolve the conflict. • The appointment of us as voluntary administrators of the Companies will not influence our ability to fully comply with the statutory and fiduciary obligations associated with the voluntary administration of the Companies in an objective and impartial manner.

Neither our, nor our firm, have, or have had within the preceding 24 months, any other relationships with the Companies, an associate of the Companies, a former insolvency practitioner appointed to the Companies or any person or entity that has security over the whole or substantially whole of the Companies' property.

Prior Professional services to the Insolvent

Neither our, nor our firm, have provided any professional services to the Companies in the previous 24 months.

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 Companies, an associate of the Companies, a former insolvency practitioner appointed to the Companies or any person or entity that has security over the whole or substantially whole of the Companies' property that should be disclosed.


C Indemnities and up-front payments

We have been provided with the following indemnity for the conduct of the Administration of the Companies:

Name	Relationship with the Company	Nature of indemnity or payment
NHC	Ultimate shareholder and secured creditor of the Companies	A Deed of Indemnity up to an amount of \$150,000 (plus GST) has been provided by NHC to meet the fees and disbursements to be incurred in conducting the Administration of the Companies. There are no specific performance obligations connected to this indemnity other than to provide a consent pursuant to Section 440B(2) of the Act to NHC as a secured creditor with a registered charge over all or substantially all of the assets of the Companies. In addition to this indemnity for our fees and disbursements, NHC has also provided an uncapped indemnity in relation to any claims, damages, remediation costs or similar in respect to any environmental or rehabilitation works required by any authority.

This does not include statutory indemnities. We have not received any other indemnities or upfront payments that should be disclosed.

Dated:


.....

SAID JAHANI
JOINT AND SEVERAL ADMINISTRATOR


.....

SHAUN MCKINNON
JOINT AND SEVERAL ADMINISTRATOR

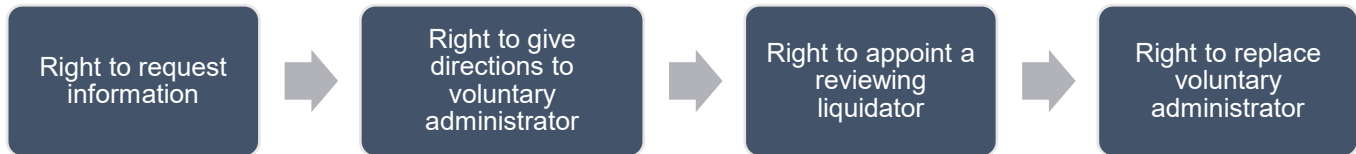
Note:

1 If circumstances change, or new information is identified, 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 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.

Creditor Rights in Voluntary Administrations

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



Right to request information

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

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

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

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

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

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

Requests must be reasonable.

They are not reasonable if:

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

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

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

Right to give directions to voluntary administrator

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

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

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

Right to appoint a reviewing liquidator

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

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

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

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

Right to replace voluntary administrator

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

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

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

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

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

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

For more information, go to www.arita.com.au/creditors

NOTICE OF CONCURRENT MEETING OF CREDITORS OF COMPANY

COLTON COAL PTY LTD (ADMINISTRATORS APPOINTED)
A.C.N. 140 768 636

NORTHERN ENERGY CORPORATION LIMITED (ADMINISTRATORS APPOINTED)
ACN 081 244 395

(Collectively referred to as “the Companies”)

On 17 October 2018 the Companies under section 436A appointed Said Jahani and Shaun McKinnon of Grant Thornton Australia Limited, Level 17, 383 Kent Street, Sydney NSW 2000 as the Joint and Several Administrators of the Companies.

Notice is given that a concurrent meeting of the creditors of the Companies will be held as follows:

Date: Monday, 29 October 2018
Time: 11:00 AM
Address: Grant Thornton Australia
Level 18, 145 Ann Street
Brisbane 4001 QLD

Agenda

The purpose of the meeting is to:

- Provide a brief history of the companies and the background to the appointment.
- The meeting would also determine:
 - Whether to appoint a committee of inspection; and
 - If so, who are to be the committee's members.
- At the meeting, creditors may also, by resolution:
 - remove the administrators from office; and
 - appoint someone else as administrator of the companies.
- Discuss any other relevant business which may arise.

Attending and voting at the meeting

Creditors are invited to attend the meeting, however they are not entitled to participate and vote at a meeting unless:

- **Proof of debt:** They have lodged with the Joint and Several Administrators particulars of the debt or claim and the claim has been admitted, wholly or in part, by the Joint and Several Administrators. If a proof of debt has already been lodged, they do not need to do so again. Refer to Note 1 for further guidance on entitlement to vote.
- **Proxies or attendance:** They are either present in person or by electronic facilities (if being made available) or validly represented by proxy, attorney or an authorised person under s250D of the Corporations Act. If a corporate creditor or represented, a proxy form, power of attorney or evidence of appointment of a company representative pursuant to Section 250D of the Corporations Act 2001 (“the Act”) must be validly completed and provided to the Joint and Several Administrators at or before the meeting.

To enable sufficient time to review, proofs of debt and proxies (or document authorising the representation) should be submitted to Irem Aydin on Irem.Aydin@au.gt.com or Level 17, 383 Kent Street, Sydney NSW 2000 by no later than 12:00 PM on Friday, 26 October 2018. If you choose to return these documents, please allow sufficient time for the documents to be received prior to the due date.

Electronic facilities

Electronic facilities will be made available at the meeting via telephone conference. To access those facilities, you need to provide a statement by email to Irem Aydin on Irem.Aydin@au.gt.com, not later than 2 business days before the meeting which sets out:

- **Name:** The name of the person and of the proxy or attorney (if any)
- **Address:** An address to which notices to the person, proxy or attorney may be sent
- **Contact:** The method of contacting the person, proxy or attorney for the purposes of the meeting.

On receipt of this statement, you will be provided with instructions on how to access the facilities for the meeting.

Any queries should be directed to Irem.Aydin@au.gt.com or by phone on +61 2 8297 2738.

Dated 19 October 2018



.....
Said Jahani
Joint and Several Administrator
Level 17, 383 Kent Street, Sydney NSW 2000

Note 1: Entitlement to vote and completing proofs

IPR (Corp) 75 85 Entitlement to vote at meetings of creditors

- (1) A person other than a creditor (or the creditor's proxy or attorney) is not entitled to vote at a meeting of creditors.
- (2) Subject to subsections (3), (4) and (5), each creditor is entitled to vote and has one vote.
- (3) A person is not entitled to vote as a creditor at a meeting of creditors unless:
 - (a) his or her debt or claim has been admitted wholly or in part by the external administrator; or
 - (b) he or she has lodged, with the person presiding at the meeting, or with the person named in the notice convening the meeting as the person who may receive particulars of the debt or claim:
 - (i) those particulars; or
 - (ii) if required—a formal proof of the debt or claim.
- (4) A creditor must not vote in respect of:
 - (a) an unliquidated debt; or
 - (b) a contingent debt; or
 - (c) an unliquidated or a contingent claim; or
 - (d) a debt the value of which is not established; unless a just estimate of its value has been made.
- (5) A creditor must not vote in respect of a debt or a claim on or secured by a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor unless he or she is willing to do the following:
 - (a) treat the liability to him or her on the instrument or security of a person covered by subsection (6) as a security in his or her hands;
 - (b) estimate its value;
 - (c) for the purposes of voting (but not for the purposes of dividend), to deduct it from his or her debt or claim.
- (6) A person is covered by this subsection if:
 - (a) the person's liability is a debt or a claim on, or secured by, a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor; and
 - (b) the person is either liable to the company directly, or may be liable to the company on the default of another person with respect to the liability; and
 - (c) the person is not an insolvent under administration or a person against whom a winding up order is in force.

FORM 535

subregulation 5.6.49(2)
Corporations Act 2001

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Joint and Several Administrators of Northern Energy Corporation Limited (Administrators Appointed) ACN 081 244 395 ("the Company")

1. This is to state that the Company was on 17 October 2018, and still is, justly and truly indebted to: _____

(full name, ABN and address of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor) for _____ dollars and _____ cents

Particulars of the debt are:

Date	Consideration (state how the debt arose)	Amount \$	Remarks (include details of voucher substantiating payment)

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: _____

(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).

Date	Drawer	Acceptor	Amount \$	Due Date

3. Signed by (select option):

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

Signature: _____ Dated: _____

Name: _____ Occupation: _____

Address: _____

RECEIVE REPORTS BY EMAIL

Do you wish to receive all future reports and correspondence from our office via email?

Yes

No

Email:.....

FORM 535

subregulation 5.6.49(2)
Corporations Act 2001

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Joint and Several Administrators of Colton Coal Pty Ltd (Administrators Appointed) ACN 140 768 636 ("the Company")

1. This is to state that the Company was on 17 October 2018, and still is, justly and truly indebted to: _____

(full name, ABN and address of the creditor and, if

applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor) for _____ dollars and _____ cents

Particulars of the debt are:

Date	Consideration (state how the debt arose)	Amount \$	Remarks (include details of voucher substantiating payment)

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: _____

(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).

Date	Drawer	Acceptor	Amount \$	Due Date

3. Signed by (select option):

I am the creditor personally.

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

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

Signature: _____ Dated: _____

Name: _____ Occupation: _____

Address: _____

RECEIVE REPORTS BY EMAIL

Do you wish to receive all future reports and correspondence from our office via email?

Yes

No

Email:.....

APPOINTMENT OF PROXY

Northern Energy Corporation Limited (Administrators Appointed)

ACN 081 244 395 (the Company)

*I/*We _____ (name of signatory) of _____ (creditor name)
a creditor of the Company appoint _____ (name of proxy)
of _____ (address of proxy)
or in his or her absence _____ (details of alternate proxy)
as *my/*our *general/*special proxy to vote at the concurrent meeting of creditors to be held on Monday, 29 October 2018 at
11.00am, or at any adjournment of that meeting.

If a special proxy, specify how you wish your proxy to vote for each of the resolutions.

Resolutions

	For	Against	Abstain
1. That a Committee of Inspection be established for the Company.			
2. That Said Jahani and Shaun McKinnon be removed as Joint and Several Administrators of Colton Coal Pty Ltd (Administrators Appointed).			

*I/*We authorise *my/*our proxy to vote as a general proxy on resolutions other than those specified above.

Signature:

Dated:

*Omit if inapplicable

APPOINTMENT OF PROXY

Colton Coal Pty Ltd (Administrators Appointed)

ACN 140 768 636 (the Company)

*I/*We _____ (name of signatory) of _____ (creditor name)
a creditor of the Company appoint _____ (name of proxy)
of _____ (address of proxy)
or in his or her absence _____ (details of alternate proxy)
as *my/*our *general/*special proxy to vote at the concurrent meeting of creditors to be held on Monday, 29 October 2018 at
11.00am, or at any adjournment of that meeting.

If a special proxy, specify how you wish your proxy to vote for each of the resolutions.

Resolutions

	For	Against	Abstain
1. That a Committee of Inspection be established for the Company.			
2. That Said Jahani and Shaun McKinnon be removed as Joint and Several Administrators of Colton Coal Pty Ltd (Administrators Appointed).			

*I/*We authorise *my/*our proxy to vote as a general proxy on resolutions other than those specified above.

Signature:

Dated:

*Omit if inapplicable

Remuneration advice

NORTHERN ENERGY CORPORATION LIMITED (ADMINISTRATORS APPOINTED)

ACN 081 244 395

COLTON COAL PTY LTD (ADMINISTRATORS APPOINTED)

ACN 140 768 636

(Collectively referred to as “the Companies”)

Introduction

This information sheet is to assist you with understanding how remuneration is calculated and paid in an insolvency administration.

Whilst we may provide you with an estimate of the cost of the Voluntary Administration in this document, we advise that the actual remuneration drawn in these administrations will be subject to the approval of the creditors, committee of creditors or court, after we have provided a remuneration report in accordance with the requirements set down in the legislation and ARITA’s Code of Professional Practice.

If you have paid or are paying money up front, or are providing us with an indemnity, for the purposes of our remuneration, you should be aware that approved remuneration may exceed this amount and can be paid from the assets of the Voluntary Administrations.

Remuneration Methods

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

- A Time based / hourly rates: This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.
- B Fixed Fee: The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a practitioner will finalise an administration for a fixed fee.
- C Percentage: The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.
- D Contingency: The practitioner’s fee is structured to be contingent on a particular outcome being achieved.

Method proposed

Given the nature of this administration we propose that our remuneration will be calculated on time based remuneration. This is because:

- It ensures that creditors are only charged for work that is performed.
- The Practitioner is required to perform a number of tasks which do not relate to the realisation of assets, for example responding to creditor enquiries, reporting to ASIC, distributing funds in accordance with the provisions of the Corporations Act or the Bankruptcy Act.
- The practitioner is unable to estimate with certainty the total amount of fees necessary to complete all tasks required in the Administration.
- The practitioner has a time recording system that can produce a detailed analysis of time spent on each type of task by each individual staff member utilised in the administration;
- Time based remuneration calculates fees upon a basis of time spent at the level appropriate to the work performed;
- The method provides full accountability in the method of calculation

Explanation of Hourly Rates

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

Title	Description	Hourly Rate (excl GST)
Appointee	Registered Liquidator / Trustee. Partner bringing specialist skills to Administrations and Insolvency matters. Controlling all matters relating to the assignment.	\$675
Director	Qualified accountant (CA/CPA) and may be a registered Liquidator/Trustee. Minimum 7/8+ years' experience. Likely to be appointed as a director in due course. Highly advanced technical and commercial skills. Planning and control of all Administration and Insolvency tasks. Controlling substantial matters relating to the assignment and reporting to the appointee.	\$595
Senior Manager	Qualified accountant (CA/CPA). 7/8+ years' experience. Well developed technical and commercial skills. Planning and control of all Administration and Insolvency tasks. Controlling substantial matters relating to the assignment and reporting to the appointee.	\$575
Manager	Typically CA/CPA Qualified. 5-8 years' experience. Well developed technical and commercial skills. Planning and control of Administration and Insolvency tasks with the assistance of the appointee.	\$530
Senior Associate	Typically CA/CPA Qualified. 4+ years' experience. Co-ordinates planning and control of small to medium Administrations and Insolvency tasks. Conducts certain aspects of larger Administrations.	\$415
Associate	Typically undertaking CA/CPA Qualifications. Up to 3 years' experience. Required to conduct the fieldwork on smaller Administrations and Insolvency tasks and assist with fieldwork on medium to large Administrations and Insolvency tasks.	\$275-350
Secretary	Carries out all secretarial functions relating to an Administration.	\$185

Estimate of the cost of the administration

We estimate that these administrations will cost approximately \$200,000.00 (excluding GST) for the two Companies, subject to the following variables which may have a significant effect on this estimate and that we are unable to determine until we have commenced the administrations:

- Whether the Administrators are required to trade on the business during the administration period;
- There is a requirement to extend the convening period;
- There is a challenge to the Administrators' or Deed Administrators' appointment;
- The Administrators are required to continue with or pursue any litigation;
- Unforeseen complexity in dealing with the Companies' business, property and affairs;
- The level of co-operation we receive from the Companies' directors/employees; and
- The condition, completeness and access granted to the Companies' books and records.