

**Biogreen Energy Pty Limited (Deed Administrators Appointed)
ACN 608 060 984 (“the Company”)**

Update to Creditors – 20 February 2020

Further to the Second Meeting of Creditors on 8 November 2018, and our previous reports we provide the following update to creditors.

Asset Sale Agreement

Prior to our appointment as Voluntary Administrators the Company entered into the Asset Sale Agreement (“the ASA”) with Hunter Energy Pty Limited A.C.N. 624 824 791 (“the Buyer”). The sale of the Assets included Land, the Power Station, documents, intellectual property, and other assets. The Buyer accepted the transfer of the Assume Liabilities, including any Environmental Claims.

Second Meeting / DOCA

At the Second Meeting of Creditors, creditors passed a resolution to accept the Deed of Company Arrangement (“the DOCA”) proposed by the Buyer, which included a variation to the ASA bringing forward the remaining time-based milestone payments.

As outlined in our Second Report to creditors dated 31 October 2018, subject to all time-based and performance-based milestones being met and the Buyer complying with its obligations under the ASA, this will result in an estimated distribution of 100 cents in the dollar for the secured creditor, priority creditors and unsecured creditors. We note creditor claims of \$1.9M were admitted for voting at the Second Meeting of Creditors.

Deed Fund

The Deed Fund primarily consists of the ASA contributions under the time-based and performance-based milestones.

(a) The time-based payments or recommissioning payments, in the amount of \$1,650,000, are summarised below:

- (i) \$500,000 (of which, the Seller acknowledges \$375,000 has been paid to the Seller prior to Completion and a further \$65,000 has been paid to the administrators of the Seller, so as only \$60,000 will be due) payable on or around 28 November 2018;
- (ii) \$500,000 payable six months after the Recommissioning Works Date (“RWC Date”). As the Final RWC Date is 18 December 2019, \$500,000 is payable by 18 June 2020;
- (iii) \$500,000 payable 12 months after the RWC Date, being 18 December 2020; and
- (iv) \$500,000 payable 18 months after the RWC Date, being 18 June 2021.

(b) The performance payments of up to \$5,000,000, plus GST up to the end date, being up to 20 years after the RWC Date, that is anytime between 18 December 2019 and 18 December 2039. The extended timeframe maximises the possibility for creditors to receive the performance payments.

At the date of this update we confirm receipt of Deed Funds in the amount of \$125,000 plus GST (being \$65,000 plus GST on 28 November 2018 and \$60,000 plus GST on 29 November 2018), representing the balance of the first time-based payment. These funds have been applied to meet the costs of the external administration as detailed below.

Hunter Energy Limited

During the Deed Administration period to date we have held regular meetings with the Buyer to obtain status updates on obtaining funding and securing key contracts for water rights, coal rights, recommissioning works and offtake agreements.

We understand negotiations are continuing and minimal recommissioning works have been undertaken to date.

We note the performance payments of up to \$5,000,000 is conditional on the Redbank Power Station being recommissioned and we continue to offer our assistance. We encourage creditors, where possible, to assist the Buyer in this process to accelerate the timing of a return to all creditors.

Receipts and Payments

A summary of the receipts and payments in the administration to date is provided below.

	GST Inclusive
	\$
Receipts	
Cash at bank on appointment	48,926.60
Funds held on Trust - King & Wood Mallesons	30,000.00
DOCA Contribution Fund - from Hunter Energy Pty Ltd	137,500.00
GST refunds	7,656.00
Total receipts	224,082.60
Payments	
Voluntary Administrators' remuneration	(141,016.37)
Voluntary Administrators' expenses	(1,008.13)
Legal fees	(79,709.22)
Consultancy payments - S Harris	(450.00)
Bank charges	(10.32)
Total payments	(222,194.04)
Closing cash at bank - as at 17 February 2020	1,888.56

External Administrators' remuneration

At the Second Meeting, creditors approved the remuneration of:

- The Voluntary Administrators' remuneration up to \$130,497.20, plus GST. Voluntary Administrators' remuneration of \$128,196.70, plus GST has been drawn to date, with an undrawn balance of \$2,300.50, plus GST; and
- The Deed Administrators' remuneration up to \$200,000.00, plus GST. The Deed Administrators' remuneration for the period 29 November 2018 to 17 February 2020 are approximately \$33,000 plus GST, and remain undrawn at the date of this update. The payment of the Deed Administrators' remuneration, and any future remuneration incurred, will be subject to further Deed Contribution payments from Hunter Energy Pty Limited.

We do not seek any further fee approvals at this time, but provide this update for creditors information.

Next steps

Further updates will be provided to creditors during the DOCA period, as the Deed Funds are received. On receipt, the Deed Funds will be distributed to creditors in accordance with the terms of the DOCA.

In the event the Buyer does not meet the Deed Contribution funding of \$500,000 by 18 June 2020, or it subsequently becomes evident the Buyer will not pay the amounts due to the Company under the ASA and DOCA, we intend to convene a meeting of creditors to consider varying the DOCA (if appropriate) and/or placing the Company into liquidation. Notwithstanding the time passed to date, we remain of the view that the DOCA, and the possibility of receiving 100 cents in the dollar, is a better outcome for unsecured creditors than convening a meeting of creditors to consider winding up the Company at this time.

Should you require any further information or wish to discuss the DOCA, or the Deed Administration, please contact Thomas Gilbert of this office on (02) 9210 1703 or by email tgilbert@wexted.com.

Dated: 20 February 2020

Biogreen Energy Pty Limited (Deed Administrators Appointed)



Joseph Hayes
Deed Administrator



Andrew McCabe
Deed Administrator