

Oceanlinx Limited

(Administrators Appointed)

(Receivers and Managers Appointed)

ACN 077 104 404

**Supplementary Report to Creditors pursuant to Section
439A of the Corporations Act 2001**

Report Date: 10 December 2014

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Definitions

Administrators	Vaughan Neil Strawbridge and Jason Mark Tracy
Appointment Date	Administrators' date of appointment, 2 April 2014
ASIC	The Australian Securities & Investments Commission
ATO	Australian Taxation Office
AUD	Australian dollars
Macquarie Bank	Macquarie Bank Limited
CN Holders	Convertible note holders
Company / Oceanlinx	Oceanlinx Limited (Administrators Appointed) (Receivers and Managers Appointed)
Deloitte	Deloitte Touche Tohmatsu
DIRRI	Declaration of Independence and Relevant Relationships and Indemnities
DOCA	Deed of Company Arrangement
ESOP	Estimated Statement of Position
Former Administrators	David Ross and Brent Kijurina of Hall Chadwick
IPA / ARITA	Insolvency Practitioners Association of Australia / Australian Restructuring Insolvency and Turnaround Association
k / \$'000	Thousands of dollars
m	Millions of dollars
R&D	Research and Development
Receivers and Managers	Mr Rahul Goyal and Ms Cassandra Mathews of Korda Mentha appointed on 26 March 2014
The Act	Corporations Act 2001
The Court	The Federal Court of Australia or any of the state Supreme Courts
The Regulations	Corporations Regulations 2001
WER	Wave Energy Renewable Pty Ltd
WPR	Wave Power Renewables Limited

1 Executive Summary

1.1 Supplementary report

I refer to the appointment of Jason Tracy and I as Joint and Several Administrators of the Company on 2 April 2014 and the second meeting of creditors of the Company held on 3 November 2014, which was subsequently adjourned.

This supplementary report is provided to give notice of the time and place of the reconvened second meeting of creditors as well as providing an update on the Administration of the Company. This report should be read in conjunction with our 439A report dated 24 October 2014 and our circulars to creditors dated 4 November 2014 and 28 November 2014. If you require a copy of the 439A report or the circulars please contact Dean Pogroske of this office on dpogroske@deloitte.com.au.

1.2 Update on the Administration

1.2.1 Sale of the Company's assets

WER withdrew their DOCA proposal on 11 November 2014 and replaced it with an offer to acquire the Company's assets. The Administrators completed a sale of the majority of the Company's assets to WPR (a company nominated by WER) on 25 November 2014. The sale consideration comprised of a release of the CN Holders security interests and agreement not to participate in a dividend to creditors (valued at c.\$1.6m), and a cash component of \$349k. Details of the sale are discussed further in Section 3.

1.2.2 Repayment of potential unfair preference

Without admission a director has settled an alleged unfair preference claim by voluntarily repaying the sum of \$51k.

1.2.3 Settlement of the Company's insurance claim

The Receivers and Managers have settled the Company's insurance claim. We are currently waiting to see if they will make a determination in respect of South Australia Maritime's entitlement pursuant to Section 562 of the Act. It is uncertain if South Australia Maritime have a claim under Section 562.

1.2.4 Contingent creditor claim

NSW Maritime has submitted a claim in the Administration that is substantially higher than our estimate of \$500k. We are working with maritime specialists and NSW Maritime to reach a final position in respect of their claim. A higher claim will reduce the dividend to unsecured creditors.

1.3 Outcome for Creditors

The first secured creditor, Macquarie Bank, and employee priority creditors will be repaid in full by the Receivers and Managers.

The second, third and fourth secured CN Holders released their security as part consideration for the sale of the Company's assets to WPR and agreed not to participate in a dividend to creditors. Therefore, they have effectively been repaid in full.

The table below illustrates a range of potential outcomes for creditors. This is discussed further in Section 4 of this report.

Estimated returns to creditors	Liquidation	
	High	Low
Cents in the dollar		
Secured creditor - Macquarie Bank	100	100
CN Holders - 2nd, 3rd, 4th Security	100	100
Priority creditors	100	100
Unsecured creditors	33	27

*These estimated returns have been calculated based on the assumption that there are no special priorities under Section 562 of the Act

In a liquidation scenario we estimate a return of between 27 and 33 cents in the dollar to unsecured creditors. This assumes that South Australia Maritime is not entitled to any special priority to any part of the Company's insurance settlement proceeds pursuant to Section 562 of the Act.

1.4 Reconvened meeting of creditors and Administrators' Opinion

The second meeting of creditors will be reconvened on Wednesday 17 December 2014 at the offices of the Chartered Accountants Australia and New Zealand, Level 1, 33 Erskine Street, Sydney NSW, at 2:00pm AEDT.

At the reconvened meeting, creditors will be asked to make a decision regarding the Company's future by passing a resolution in respect of the options available to them. The following options are available to creditors do decide:

- the Company execute a Deed of Company Arrangement; or
- the administration end; or
- the Company be wound up.

Given that the proposed DOCA has now been withdrawn and the Company remains insolvent we are of the opinion it would be in the creditors' best interest to resolve that the Company be wound up.

Our recommendations are discussed further in Section 5 of this report.

2 Introduction

2.1 Purpose of the report

Creditors would be aware that the second meeting was previously adjourned for a period of up to 45 business days from 3 November 2014.

We are required to provide creditors with sufficient information and recommendations to assist them in making an informed decision on the Company's future at the reconvened meeting. The purpose of this report is to provide that information and recommendations, including:

- An update on the Administration since our 439A Report dated 24 October 2014
- The revised estimated returns to creditors in a winding up following the sale of the majority of the Company's assets
- The options available to creditors and our opinion on these options

- To give notice of the time, date and location of the reconvened second meeting of creditors.

3 Update on the Administration

3.1 Sale of the Company's assets

The Administrators completed a sale of the majority of the Company's assets on 25 November 2015. The sale consideration comprised of a release of the CN Holders security interests and agreement not to participate in a dividend to creditors (valued at c.\$1.6m), and a cash component of \$349k. Below are details of the key events that took place in the lead up to this sale.

3.1.1 Key events

From the Appointment Date to 7 October 2014 we received various enquiries about the Company's assets from interested parties. This interest was not progressed as the Company's assets were under the control of the Receivers and Managers and other matters, including in relation to R&D rebates and the insurance claim needed to be dealt with by the Receivers and Managers first. Following agreement with the Receivers and Managers we conducted an expressions of interest campaign for the Company's assets.

We wrote to the Company's main competitors in Australia and overseas and also placed an advert in the Australian Financial Review on 7 October 2014 seeking expressions of interest. We received expressions of interest from seven parties who were subsequently provided with an information flyer and requested to submit offers by 21 October 2014. Subsequently we received three further expressions of interest. On 24 October 2014 all 10 interested parties were invited to submit their best and final offers by 28 October 2014. In addition to the existing WER DOCA proposal, three other offers were received for the Company's assets.

One of these offers was from a consortium made up of Tibor Vertes (a director of the Company) and a small number of creditors ("the Consortium"). This offer was received on 28 October 2014. The Consortium had previously submitted and then withdrawn a DOCA proposal prior to the second meeting of creditors. The two other offers received for the Company's assets were derisory.

On 11 November 2014, WER advised that they were withdrawing their DOCA proposal and instead were making an offer to acquire the majority of the assets of the Company.

Between 28 October 2014 and 25 November 2014 (when the sale of the Company's assets was completed) extensive communications were exchanged between the Administrators, WER, the Consortium and South Australia Maritime. A high level summary is as follows:

- The new offer made by WER on 11 November 2014 was made with tight timetables for completion. WER had the ability to immediately complete and their lawyers confirmed they were holding the cash component of the sale consideration in their trust account.
- We requested extensions to the tight timetables and some short extensions were granted.
- On 19 November 2014 a competing offer was received from a newly established company on behalf of the Consortium ("Consortium Offeror"). This offer was higher than the WER offer but no evidence was provided of the Consortium Offeror's ability to complete the sale. The Consortium Offeror:
 - Was a shelf company which had only been established on 13 November 2014;

- Appeared to only have \$1,000 of issued share capital; and
- Despite repeated requests, did not provide any evidence that the Consortium Offeror had any substantive cash or other assets available to enable it to complete the offer from its own sources.
- The Consortium provided financial information showing that members of the Consortium had sufficient resources to complete if those persons wanted to but no commitment was made by those entities to actually use any of those resources to complete the sale nor provide guarantees that the Consortium Offeror would complete the sale.

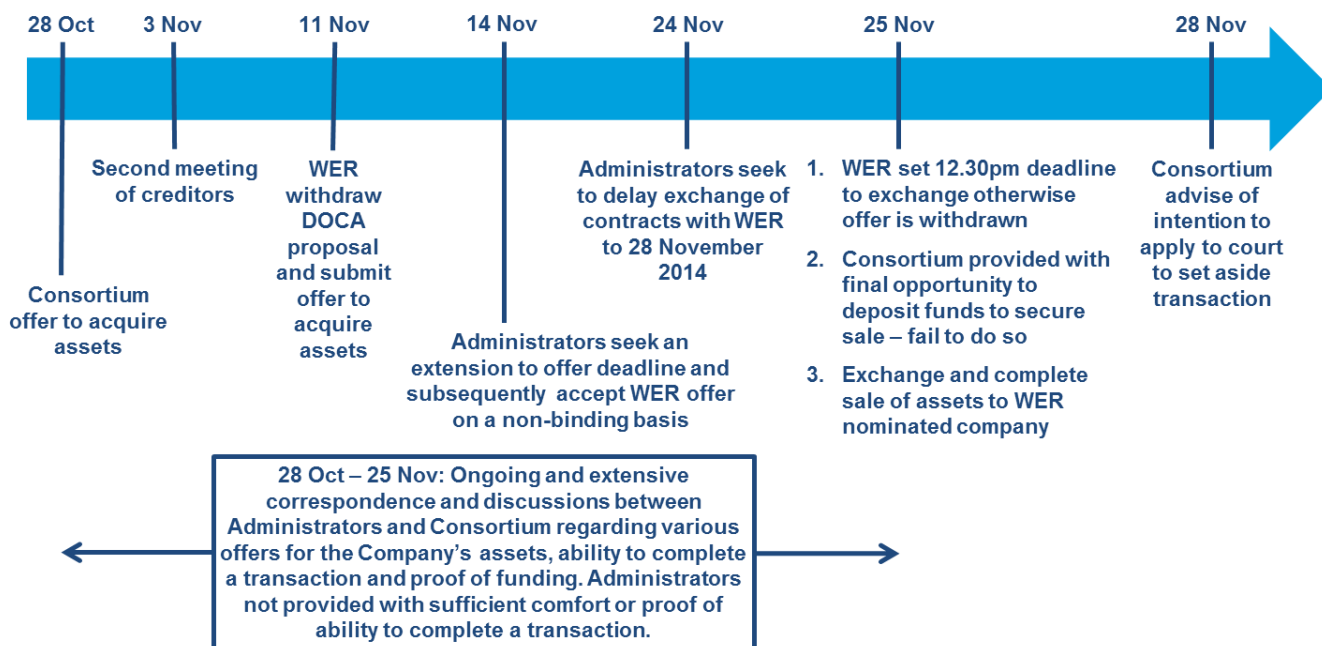
On 25 November 2014, WER issued a final deadline at which point in time their offer would be withdrawn. At that time:

- The Consortium had not provided any evidence that the Consortium Offeror had sufficient resources to be able to complete the sale;
- No guarantees or other commitment was made by any member of the Consortium that the Consortium Offeror would complete the transaction – indeed the Consortium expressly advised that no guarantees would be provided;
- The WER offer was certain and was able to be completed (and indeed was completed) without further risk to creditors in relation to that transaction; and
- The Consortium had not provided their comments on the draft sale documentation that was provided to them.

Faced with the prospect of losing the WER offer (a ready, willing and able purchaser) and the uncertainty inherent in the offer received from the Consortium Offeror detailed above, we proceeded to exchange contracts and complete a sale of the majority of the Company's assets to WPR (a Hong Kong company nominated by WER) on 25 November 2014. The sale consideration comprised of a release of the CN Holders security interests and agreement not to participate in a dividend to creditors (valued at c.\$1.6m), and a cash component of \$349k.

Subsequently, on 28 November 2014 the Consortium advised us that they intend to apply to the Court to seek an order to set aside the sale. As at the time of writing this report, we have not received notification that any such application has been made.

Below is a timeline of the key events in the sale process:



3.2 Repayment of potential unfair preference

In our 439A report dated 24 October 2014, we identified a transaction that may constitute an unfair preference payment pursuant to Section 588FA of the Act. The payment was made to Mr Baghaei, a director of the Company, and was in relation to accrued employee entitlements. We understand the payment was made to persuade him to remain with the Company following the GreenWAVE incident on 2 March 2014.

Without admission the director has voluntarily repaid \$50,534, which was the sum that was subject to the alleged unfair preference claim. We received these funds on 19 November 2014.

3.3 Settlement of Company's insurance claim

The Receivers and Managers have settled the Company's insurance claim in respect of the 2 March 2014 GreenWAVE incident. However, due to our confidentiality obligations we are unable to disclose the settlement sum to creditors. The Receivers and Managers are still holding the majority of the settlement proceeds.

We are currently waiting to see if the Receivers and Managers will make a determination in respect of Section 562 of the Act in relation to these settlement monies. This section of the Act sets out, in the event monies have been received by the Company from an insurer under a contract of insurance, and a portion represents settlement of any claim by a third party, then those monies should be paid to that third party, after costs.

South Australia Maritime have requested a copy of the deed of settlement in order to assess whether they may have an entitlement to part of the settlement proceeds pursuant to Section 562 of the Act. They are currently attempting to agree confidentiality obligations with the Receivers and Managers' lawyers to enable them to obtain a copy of the deed of settlement.

Following our review of the insurance policy and deed of settlement, it is uncertain if South Australia Maritime is entitled to any part of the settlement proceeds. In the event South Australia Maritime has a valid claim under Section 562 of the Act it will reduce the funds available for distribution to unsecured creditors.

3.4 Contingent creditor claims

The two largest creditor liabilities relate to contingent claims from New South Wales Maritime and South Australia Maritime for the clean-up of the Company's prototypes stranded off the coasts of Port Kembla and Carrickalinga respectively.

In our Section 439A report dated 24 October 2014 we estimated contingent creditor claims totalling \$3.5m, made up of \$3m for South Australia Maritime and \$500k for NSW Maritime.

3.4.1 NSW Maritime

Following the publication of our Section 439A report we received a claim from NSW Maritime that is significantly higher than our estimate of \$500k. This estimate was based on a quote provided to the Company prior to it going into Administration. We are currently speaking with two maritime specialists regarding quotes for the Port Kembla clean-up operation. We understand that NSW Maritime is currently undertaking a tender process to select a contractor for the clean-up operation.

We have asked NSW Maritime to allow the two specialists we are speaking with to be included in the tender process. We have also made a request to NSW Maritime to allow us to attend the Port Kembla site to inspect the prototype to get a better understanding of the situation, which will assist us in adjudicating their claim at a later date. We anticipate this site visit will be arranged shortly after the meeting of creditors has been reconvened.

It is possible that the NSW Maritime claim could exceed the original estimate of \$500k. The ESOP in Section 4 of this report has been updated to reflect the potential increased claim in the low case scenario.

3.4.2 South Australia Maritime

The claim we have received from South Australia Maritime is in line with the estimate in our 439A report.

We have obtained a quote for the Carrickalinga clean-up operation, which we have forwarded to South Australia Maritime. We understand that they will be opening a tender process in due course to select a contractor to assist them. It is unlikely that we will be able to adjudicate on the South Australia Maritime claim until this process has been undertaken.

We continue to be in regular contact with both contingent creditors to make progress in reaching a final position in respect of their claims. Due to the likely quantum of these claims, they will have a significant impact on the overall outcome for all unsecured creditors.

3.5 Update on Receivership

We have been advised by the Receivers and Managers that they will shortly be in a position to retire and transfer the surplus funds to the Company. The principal assets that the Receivers and Managers have dealt with are the Company's cash at bank, R&D tax rebate and insurance

claim. Whilst they have received the majority of the R&D rebate (\$3.1m), they continue to pursue a further \$170k from the ATO.

The Receivers and Managers' remaining tasks include:

- Final distribution to Macquarie Bank
- Pay small balance of priority distributions to former employees
- Collect balance of R&D rebate

To date the Receivers and Managers have transferred \$300k to the Administration account. We understand that the total surplus from the receivership will be between \$2.23m and \$2.4m, the difference being the remaining \$170k of the R&D rebate. As it is uncertain whether it will be collected, we have assumed in the ESOP in Section 4 of this report that the surplus funds from the Receivers and Managers in a low case scenario is \$2.23m.

4 Estimated Return from a Winding Up

4.1 Introduction

We have prepared an analysis of the likely realisation range under the liquidation scenario which is set out in the table below.

Estimated statement of position \$'000	Notes	Liquidation	
		High	Low
Assets available			
Intellectual property and other assets	1	349	349
Surplus from Receivers and Managers	2	2,400	2,230
Repayment of potential unfair preference	3	51	51
Total assets		2,800	2,630
Administration Costs			
Current Administrators' Fees		(257)	(257)
Administrators' disbursements to date		(15)	(15)
Administrators' future fees to 2nd meeting		(10)	(10)
Legal fees		(120)	(120)
		(403)	(403)
Estimated Liquidators costs			
Deed Administrators' / Liquidators' fees	} 4	(80)	(80)
Legal fees		(20)	(20)
		(100)	(100)
Funds available to secured creditors		2,297	2,127
CN Holders - ALLPAAP security interest	5	-	-
Funds available to unsecured creditors		2,297	2,127
Unsecured creditors			
CN Holders - unsecured	6	(370)	(370)
Trade creditors	7	(3,044)	(3,044)
Contingent liabilities	8	(3,500)	(4,500)
		(6,914)	(7,914)
Surplus / (deficit) to creditors from Liquidation	9	(4,617)	(5,787)
Return cents in the dollar		33	27

Notes to the above ESOP are set out on the following page.

Notes to estimated statement of position	
1	The sale consideration for the majority of the Company's assets to WPR on 25 November 2014 was comprised of a release of the CN Holders security interests and agreement not to participate in a dividend to creditors (valued at c.\$1.6m) and a cash component of \$349k.
2	The Receivers and Managers have dealt with are the Company's cash at bank, R&D tax rebate and insurance claim. They have received the majority of the R&D rebate from the ATO, but continue to pursue a further \$170k. It is uncertain whether the additional \$170k will be received. We have assumed that it is not received in the low scenario. Accordingly, our range of surplus funds from the Receivers is \$2.23m to \$2.4m. To date we have received \$300k of this surplus.
3	<p>We identified a transaction that may constitute an unfair preference payment pursuant to Section 588FA of the Act. Without admission the director has now voluntarily repaid \$51k, which was the sum that was subject to the alleged unfair preference. See paragraph 3.2 of this report for further details.</p> <p>We are not aware of any other potential recovery actions that would be available to a Liquidator.</p>
4	In the event that there are any Court actions in relation to the sale of the Company's assets or a determination under Section 562 of the Act, then the liquidation costs may be significantly higher than these estimates.
5	Part of the consideration for sale of the majority of the Company's assets to WPR on 25 November 2014 was a release of the CN Holders security interests and an agreement not to participate in a dividend to creditors and an agreement not to participate in a dividend to creditors valued at c.\$1.6m. Accordingly, the CN Holders no longer have a claim against the Company and all surplus funds (after costs) will now be available to unsecured creditors.
6	Unsecured CN Holders claims of \$370k rank pari passu with unsecured trade creditors.
7	Trade creditors are as per the Company's accounting records.
8	In our 439A report dated 24 October 2014 we estimated contingent creditor claims totalling \$3.5m. NSW Maritime was identified as a contingent creditor for \$500k in respect of clean-up costs for one of the Company's prototypes stranded off the coast of Port Kembla. Following the publication of our report we received a claim from NSW Maritime that is substantially higher than our estimate. We are in the process of obtaining further quotes for this clean-up operation. We have assumed contingent creditor claims may increase to \$4.5m in the low scenario.
9	Unsecured creditors are estimated to receive between 27 and 33 cents in the dollar. This estimate is based on the assumption that South Australia Maritime does not have an entitlement, pursuant to Section 562 of the Act, to any part of the insurance settlement negotiated by the Receivers.

The values included in the return to creditors' summary above are based on our investigations, the books and records of the Company, information provided by the Receivers and Managers and discussions with the directors and the interested parties.

Please see **Appendix F** for the Administrators' Receipts and Payments Account.

4.2 Effect on employees

We have received confirmation from the Receivers and Managers that the majority of eligible employee entitlements have been paid to all former employees. The small balance of priority

claims will be paid shortly by the Receivers and Managers. Directors and officers of the Company may have their entitlements capped under the provisions of the Act and may have to claim the balance of their claim as unsecured creditors.

4.3 Conclusion

The Liquidation scenario provides an estimated return to unsecured creditors ranging from 27 to 33 cents in the dollar.

It should be noted that this estimated outcome assumes that South Australia Maritime does not have an entitlement, pursuant to Section 562 of the Act, to any part of the insurance settlement proceeds. In the event that South Australia Maritime were to have an entitlement under Section 562 of the Act then this could have a material impact on the outcome for unsecured creditors.

5 Administrators' Opinion

5.1 Introduction

The following options are available to creditors do decide:

- the Company execute a Deed of Company Arrangement; or
- the administration end; or
- the Company be wound up

Our opinions on each option and our reasons for our opinions are discussed below.

5.2 The Company execute a DOCA

As the DOCA proposal has now been withdrawn, this is no longer an option. Accordingly, we cannot recommend that it would be in the creditors' interests for the Company to execute a DOCA.

5.3 The administration should end

Based on our analysis, the Company is presently insolvent and unable to pay its debts as and when they fall due. Ending the administration would not be in the best interests of creditors. Accordingly, we cannot recommend that the Administration end and control be returned to the directors.

5.4 The Company be wound up

As the proposed DOCA has now been withdrawn and the Company remains insolvent, we recommend that creditors place the Company into liquidation.

5.5 Recommendation

We are of the opinion it would be in creditors' best interest to resolve that the Company be wound up.

We reserve the right to change our recommendation to creditors should there be any new information received subsequent to the date of this report.

Should we receive any new information relevant to creditors between issuing this report and the date of the creditors meeting; a summary will be made available on our website at www.deloitte.com/au/oceanlinx.

6 Remuneration

Creditors are directed to the Information Sheet – Approving Fees: a guide for Creditors, a copy of which is attached as **Appendix C**.

6.1 Former Administrators – Hall Chadwick

At the second meeting of creditors on 3 November 2014 the Company's creditors voted against a resolution for the Former Administrators' remuneration of \$93,354 plus GST for the period 21 March 2014 to 2 April 2014. The Former Administrators have requested that we put an amended resolution to the Company's creditors in respect of their remuneration for the same period. Details of their time costs for this period are set out in **Appendix D**. The following resolution will be put to creditors at the meeting:

"That the remuneration of the Former Administrators of the Company, their partners and staff from 21 March 2014 to 2 April 2014, be approved up to a maximum amount of \$85,000 plus GST, calculated in accordance with the Hall Chadwick hourly rates and that the Administrators be authorised to draw the remuneration."

In the event that creditors approve this remuneration, it will be paid from the \$122,001 in funds that the Former Administrators are currently holding in respect of their equitable lien pursuant to Section 443D of the Act. The Former Administrators have advised us that they will make an application to the court for approval of their remuneration in the event that it is not approved by the Company's creditors.

6.2 Voluntary Administration

Creditor approval for fees will be sought at the reconvened second meeting of creditors. A detailed remuneration report for the approval being sought is enclosed at **Appendix E**.

At the second meeting of creditors on 3 November 2014 creditors approved the Voluntary Administrators' estimated remuneration of \$20,000 plus GST for the period 18 October 2014 to 3 November 2014. However, the actual time costs incurred for the period were \$51,224.50 plus GST. The increase in fees is due primarily dealing with the contingent claims from South Australia Maritime and NSW Maritime, and additional work undertaken in respect of dealing with the Consortium offer to acquire the Company's assets, which was received on 28 October 2014. Accordingly, creditor approval will be sought for an additional \$31,224.50 plus GST in respect of the period 18 October 2014 to 3 November 2014.

	\$
Voluntary Administration – 18 October 2014 to 3 November 2014	31,224.50
GST	3,122.45
Total (including GST)	34,346.95

The time costs incurred for the period 4 November 2014 to 5 December 2014 are as follows:

	\$
Voluntary Administration – 4 November 2014 to 5 December 2014	45,340.50
GST	4,534.05
Total (including GST)	49,874.55

We expect that a further \$10,000 plus GST will be incurred by us in the period 6 December 2014 to the date of the second creditors meeting:

	\$
Voluntary Administration - 6 December 2014 to 17 December 2014	10,000.00
GST	1,000.00
Total (including GST)	11,000.00

At the second meeting of creditors, we will propose for creditors to approve the following resolutions regarding our remuneration as Administrators:

- i. *“That the additional remuneration of the Administrators, their partners and staff, for the period of the Administration from 18 October 2014 to 3 November 2014 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators’ partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 10 December 2014 of fees equalling \$31,224.50 plus GST plus disbursements equalling \$2,561.23 plus GST, and that the Administrators can draw the remuneration and disbursements as required.”*
- ii. *“That the remuneration of the Administrators, their partners and staff, for the period of the Administration from 4 November 2014 to 5 December 2014 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators’ partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 10 December 2014 of fees equalling \$45,340.50 plus GST plus disbursements equalling \$3,556.36 plus GST, and that the Administrators can draw the remuneration and disbursements as incurred.*
- iii. *“That the remuneration of the Administrators, their partners and staff, for the period of the Administration from 6 December 2014 to 17 December 2014 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators’ partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 10 December 2014 of fees equalling \$10,000.00 plus GST and disbursements, and that the Administrators can draw the remuneration and disbursements as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved.”*

6.3 Liquidation

The liquidators’ remuneration is based on the firm’s hourly rates which are included in **Appendix E** to this report. Creditor approval for fees will be sought at the second meeting of creditors.

The estimated fees for the Liquidation from 17 December 2014 to completion of the liquidation are as follows:

	\$
Liquidators' Remuneration	80,000
GST	8,000
Total (including GST)	88,000

A summary of the estimated time to be spent by the liquidators and their staff in the Liquidation from 17 December 2014 to completion of the Liquidation at their respective hourly rates is attached as **Appendix E**.

If the creditors of the Company resolve that Oceanlinx be placed into liquidation, then we will propose that creditors approve the following resolution regarding the remuneration of the Liquidators:

“That the remuneration of the Liquidators, their partners and staff, for the period of the Liquidation from 17 December 2014 to the conclusion of the liquidation is fixed at a sum equal to the cost of time spent by the Liquidators and the Liquidators’ partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 10 December 2014 of fees equalling \$80,000 plus GST and disbursements, and that the Liquidators can draw the remuneration and disbursements as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved.”

If a lesser amount is incurred only the amount actually incurred will be paid. These fees will be capped and accordingly we will be unable to draw fees more than this amount without further approval by creditors.

7 Meeting

Pursuant to Section 439A(3) of the Act, we have attached a notice convening the second meeting of creditors to be held on Wednesday 17 December 2014 at the offices of the Chartered Accountants Australia and New Zealand, Level 1, 33 Erskine Street, Sydney NSW 2000, at 2:00pm AEDT (see Form 529 enclosed as **Appendix A**).

At this reconvened meeting, creditors will be asked to make a decision by passing a resolution in respect of the options available to them. These options are:

- the Company execute a Deed of Company Arrangement; or
- the administration end; or
- the Company be wound up

Attendance at this meeting is not compulsory. Creditors may attend and vote in person, by proxy or by attorney. The appointment of a proxy must be made in accordance with Form 532 (copy attached as **Appendix H**).

A creditor is entitled to rely on a Proof of Debt or Proxy Form lodged for the second meeting of creditors held on 3 November 2014.

A specific proxy can be lodged showing approval or rejection of each resolution. Proxy forms or facsimiles thereof must be lodged with the Administrators **by 4:00pm 16 December 2014**. Where a facsimile copy of a proxy is sent, the original must be lodged with the Administrators within 72 hours after receipt of the facsimile. An attorney of the creditor must show the instrument by which he or she is appointed to the Chairman of the meeting, prior to the commencement of the meeting.

Please note that a creditor is required to lodge a Form 535 Informal Proof of Debt or Claim (copy attached as **Appendix G**) to be entitled to vote at the second meeting of creditors. A creditor will not be able to vote at the meeting unless a Proof of Debt or Claim is lodged with me prior to the commencement of the meeting.

Please note that a creditor is required to lodge a Proof of Debt or Claim in accordance with Form 535 (**Appendix G**) to be entitled to vote at the reconvened second meeting of creditors.

Creditors should provide proxies and proofs of debt to the Administrators prior to the meeting by one of the following methods:

Post: *Deloitte Touche Tohmatsu*
Attention: Dean Pogroske (Proof and Proxies)
Restructuring Services, 225 George Street
Sydney, NSW, 2000

Email dpogroske@deloitte.com.au

Fax +612 9322 7261

We trust that creditors find this report informative and useful. In the event that you have any queries regarding the contents of this report, or the administration in general, please do not hesitate to contact Dean Pogroske of this office on +612 9322 3571 or via email at dpogroske@deloitte.com.au.

Yours faithfully



Vaughan Neil Strawbridge



Appendix A - Notice of Meeting

NOTICE OF MEETING OF CREDITORS

OCEANLIX LIMITED
(ADMINISTRATORS APPOINTED) (RECEIVERS AND MANAGERS APPOINTED)
ACN 077 104 404
("the Company")

NOTICE is given that a meeting of the creditors of the Company will be held at the offices of the Chartered Accountants Australia and New Zealand, Level 1, 33 Erskine Street, Sydney NSW 2000 on **Wednesday, 17 December 2014 at 2:00PM (AEDT)**.

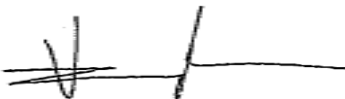
AGENDA

1. To receive a Statement about the Company's business, property, affairs and financial circumstances.
2. To receive the supplementary report of the Administrators pursuant to Section 439A of *the Corporations Act 2001*.
3. Questions from creditors.
4. For creditors to resolve:
 - a. that the Company execute a Deed of Company Arrangement; or
 - b. that the administration should end; or
 - c. that the Company be wound up.
5. To fix the remuneration of the Former Administrators.
6. To fix the remuneration of the Joint Administrators.
7. If the Company executes a Deed of Company Arrangement, to fix the remuneration of the Deed Administrators.
8. If the Company is wound up, to consider appointing a Committee of Inspection.
9. If the Company is wound up, to approve the remuneration of the Liquidators.
10. If the Company is wound up, to consider the destruction of the books and records of the Company at the conclusion of the winding up.
11. Any other business that may be lawfully brought forward.

Proxies to be used at the meeting should be lodged at the office of the Joint Administrators by 4.00pm on the business day prior to the meeting. A creditor can only be represented by proxy or by an attorney pursuant to Corporations Regulations 5.6.28 and 5.6.32 (inclusive) and if a body corporate by a representative appointed pursuant to Section 250D.

In accordance with Regulation 5.6.23(1) of the Corporations Regulations, creditors will not be entitled to vote at this meeting unless they have previously lodged particulars of their claim against the Company in accordance with the Corporations Regulations and that clause has been admitted for voting purposes wholly or in part by the Voluntary Administrators.

DATED this 10th day of December 2014.



Vaughan Neil Strawbridge
Joint Administrator

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
SYDNEY NSW 2000



Appendix B - Declaration of Independence, Relevant Relationships and Indemnities

Declaration of Independence, Relevant Relationships and Indemnities

Oceanlinx Ltd (ACN 077 104 404)

("the Company")

This document requires the Practitioners 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 ourselves, our partners and Deloitte Touche Tohmatsu (Deloitte).

A. Independence

We, Vaughan Neil Strawbridge and Jason Mark Tracy of Deloitte have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as 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

On the evening of 31 March 2014, Rahul Goyal of KordaMentha contacted Dan Rose of Deloitte requesting a Consent to Act from partners of Deloitte in the capacity as Administrators on behalf of the Company. Mr Goyal advised that he had been appointed as Receiver and Manager of the Company. Mr Goyal is also a former employee of Deloitte between November 2009 and August 2013.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

During this call discussions took place for the purpose of obtaining sufficient information about the Company to make a decision about agreeing to accept the appointment.

We received no remuneration for this advice.

In our opinion this call does not affect our independence as it was in the nature of a pre-appointment discussion and was limited to the financial position of the Company.

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

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

We, or a member of our firm, have, or have had within the preceding 24 months, a relationship with:

Name	Nature of relationship	Reasons why not an impediment or conflict
Rahul Goyal, Executive Director at KordaMentha	Former Deloitte employee and referrer of the appointment	We do not have any referral arrangement with Mr Goyal. No commissions, inducements or benefits have been obtained by Mr Goyal in respect to this appointment. There is no arrangement with Mr Goyal that we will provide any referral work to him. There is no relationship with Mr Goyal which in our view would restrict us from properly exercising our judgment and duties in relation to the appointment.
Macquarie Bank Limited (Macquarie)	<p>Macquarie holds an All Present and After- acquired property security interest over the property of the Company.</p> <p>We have undertaken a number of advisory engagements for Macquarie in the usual course of business.</p> <p>Deloitte has provided and continues to provide Accounting, Advisory, Assurance, Consulting, Forensic, Risk Services and Tax services to Macquarie.</p>	<p>We have never undertaken any work for Macquarie in respect of the Company.</p> <p>We do not consider previous advisory engagements accepted for Macquarie to present a conflict as there is no connection between these engagements and the Company.</p> <p>The provision of Accounting, Advisory, Assurance, Consulting, Forensic, Risk Services and Tax services to Macquarie brings about a commercial relationship that in our opinion does not present a conflict or impediment as it does not impact upon the position of the Company.</p> <p>We are not paid any commissions, inducements or benefits to undertake any</p>

		<p>engagements with Macquarie and do not consider ourselves to be bound or in any way obligated to deliver a favourable outcome to any party.</p> <p>Therefore there is no relationship with Macquarie which in our view would restrict us from properly exercising our judgment and duties in relation to the appointment.</p>
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iii. Prior Professional services to the Company

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

We did provide audit services to the Company between 2007 and 2009. The provision of these services to the Company did not take place in the 24 months prior to the acceptance of this appointment. We are not aware of any issues in relation to these services that may be material to the insolvency.

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.

Dated: 1 April 2014



Vaughan Neil Strawbridge



Jason Mark Tracy

Note:

1. If circumstances change, or new information is identified, we are required under the Corporations Act 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.



Appendix C - Approving Fees: A Guide for Creditors



ASIC

Australian Securities & Investments Commission

INFORMATION SHEET 85

Approving fees: a guide for creditors

If a company is in financial difficulty, it can be put under the control of an independent external administrator.

This information sheet gives general information for creditors on the approval of an external administrator's fees in a liquidation of an insolvent company, voluntary administration or deed of company arrangement (other forms of external administration are not discussed in this information sheet). It outlines the rights that creditors have in the approval process.

Entitlement to fees and costs

A liquidator, voluntary administrator or deed administrator (i.e. an 'external administrator') is entitled to be:

- paid reasonable *fees*, or remuneration, for the work they perform, once these fees have been approved by a creditors' committee, creditors or a court, and
- reimbursed for out-of-pocket *costs* incurred in performing their role (these costs do not need creditors' committee, creditor or court approval).

External administrators are only entitled to an amount of fees that is reasonable for the work that they and their staff properly perform in the external administration. What is reasonable will depend on the type of external administration and the issues that need to be resolved. Some are straightforward, while others are more complex.

External administrators must undertake some tasks that may not directly benefit creditors. These include reporting potential breaches of the law and lodging a detailed listing of receipts and payments with ASIC every six months. The external administrator is entitled to be paid for completing these statutory tasks.

For more on the tasks involved, see ASIC's information sheets INFO 45 *Liquidation: a guide for creditors* and INFO 74 *Voluntary administration: a guide for creditors*.

Out-of-pocket costs that are commonly reimbursed include:

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. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.

- legal fees
- valuer's, real estate agent's and auctioneer's fees
- stationery, photocopying, telephone and postage costs
- retrieval costs for recovering the company's computer records, and
- storage costs for the company's books and records.

Creditors have a direct interest in the level of fees and costs, as the external administrator will, generally, be paid from the company's available assets before any payments to creditors. If there are not enough assets, the external administrator may have arranged for a third party to pay any shortfall. As a creditor, you should receive details of such an arrangement. If there are not enough assets to pay the fees and costs, and there is no third party payment arrangement, any shortfall is not paid.

Who may approve fees

Who may approve fees depends on the type of external administration: see Table 1. The external administrator must provide sufficient information to enable the relevant decision-making body to assess whether the fees are reasonable.

Table 1: Who may approve fees

	Creditors' committee	Creditors	Court
Administrator in a voluntary administration	✓ ¹	✓	✓
Administrator of a deed of company arrangement	✓ ¹	✓	✓
Creditors' voluntary liquidator	✓ ¹	✓ ⁵	✗ ³
Court-appointed liquidator	✓ ¹	✓ ^{4, 5}	✓ ²

¹ If there is one.

² If there is no approval by the committee or the creditors.

³ Unless an application is made for a fee review.

⁴ If there is no creditors' committee or the committee fails to approve the fees.

⁵ If insufficient creditors turn up to the meeting called by the liquidator to approve fees, the liquidator is entitled to be paid up to a maximum of \$5000, or more if specified in the Corporations Regulations 2001.

Creditors' committee approval

If there is a creditors' committee, members are chosen by a vote of creditors as a whole. In approving the fees, the members represent the interests of all the creditors, not just their own individual interests.

There is not a creditors' committee in every external administration. A creditors' committee makes its decision by a majority in number of its members present at a meeting, but it can only act if a majority of its members attend.

To find out more about creditors' committees and how they are formed, see ASIC's information sheets INFO 45 *Liquidation: a guide for creditors*, INFO 74 *Voluntary administration: a guide for creditors* and INFO 41 *Insolvency: a glossary of terms*.

Creditors' approval

Creditors approve fees by passing a resolution at a creditors' meeting. Unless creditors call for a poll, the resolution is passed if a simple majority of creditors present and voting, in person or by proxy,

indicate that they agree to the resolution. Unlike where acting as committee members, creditors may vote according to their individual interests.

If a poll is taken, rather than a vote being decided on the voices or by a show of hands, a majority in *number* and *value* of creditors present and voting must agree. A poll requires the votes of each creditor to be recorded.

A separate resolution of creditors is required for approving fees for an administrator in a voluntary administration and an administrator of a deed of company arrangement, even if the administrator is the same person in both administrations.

A proxy is where a creditor appoints someone else to represent them at a creditors' meeting and to vote on their behalf. A proxy can be either a *general proxy* or a *special proxy*. A general proxy allows the person holding the proxy to vote as they wish on a resolution, while a special proxy directs the proxy holder to vote in a particular way.

A creditor will sometimes appoint the external administrator as a proxy to vote on the creditor's behalf. An external administrator, their partners or staff must not use a general proxy to vote on approval of their fees; they must hold a special proxy in order to do this. They must vote all special proxies as directed, even those against approval of their fees.

Calculation of fees

Fees may be calculated using one of a number of different methods, such as:

- on the basis of *time spent* by the external administrator and their staff
- a quoted *fixed fee*, based on an upfront estimate, or
- a percentage of asset realisations.

Charging on a time basis is the most common method. External administrators have a scale of hourly rates, with different rates for each category of staff working on the external administration, including the external administrator.

If the external administrator intends to charge on a time basis, you should receive a copy of these hourly rates soon after their appointment and before you are asked to approve the fees.

The external administrator and their staff will record the time taken for the various tasks involved, and a record will be kept of the nature of the work performed.

It is important to note that the hourly rates do not represent an hourly wage for the external administrator and their staff. The external administrator is running a business—an insolvency practice—and the hourly rates will be based on the cost of running the business, including overheads such as rent for business premises, utilities, wages and superannuation for staff who are not charged out at an hourly rate (such as personal assistants), information technology support, office equipment and supplies, insurances, taxes, and a profit.

External administrators are professionals who are required to have qualifications and experience, be independent and maintain up-to-date skills. Many of the costs of running an insolvency practice are fixed costs that must be paid, even if there are insufficient assets available to pay the external administrator for their services. External administrators compete for work and their rates should reflect this.

These are all matters that committee members or creditors should be aware of when considering the fees presented. However, regardless of these matters, creditors have a right to question the external administrator about the fees and whether the rates are negotiable.

It is up to the external administrator to justify why the method chosen for calculating fees is an appropriate method for the particular external administration. As a creditor, you also have a right to question the external administrator about the calculation method used and how the calculation was made.

Report on proposed fees

When seeking approval of fees, the external administrator must send committee members/creditors a report with the notice of meeting setting out:

- information that will enable the committee members/creditors to make an informed assessment of whether the proposed fees are reasonable
- a summary description of the major tasks performed, or to be performed, and
- the costs associated with each of these tasks.

Committee members/creditors may be asked to approve fees for work already performed or based on an estimate of work yet to be carried out.

If the work is yet to be carried out, it is advisable to set a maximum limit ('cap') on the amount that the external administrator may receive. For example, future fees calculated according to time spent may be approved on the basis of the number of hours worked at the rates charged (as set out in the provided rate scale) up to a cap of \$X. If the work involved then exceeds this figure, the external administrator will have to ask the creditors' committee/creditors to approve a further amount of fees, after accounting for the fees already incurred.

Deciding if fees are reasonable

If asked to approve an amount of fees either as a committee member or by resolution at a creditors' meeting, your task is to decide if that amount of fees is reasonable, given the work carried out in the external administration and the results of that work.

You may find the following information from the external administrator useful in deciding if the fees claimed are reasonable:

- the method used to calculate fees
- the major tasks that have been performed, or are likely to be performed, for the fees
- the fees/estimated fees (as applicable) for each of the major tasks
- the size and complexity (or otherwise) of the external administration
- the amount of fees (if any) that have previously been approved
- if the fees are calculated, in whole or in part, on a time basis:
 - the period over which the work was, or is likely to be performed
 - if the fees are for work that has already been carried out, the time spent by each level of staff on each of the major tasks
 - if the fees are for work that is yet to be carried out, whether the fees are capped.

If you need more information about fees than is provided in the external administrator's report, you should let them know before the meeting at which fees will be voted on.

What can you do if you think the fees are not reasonable?

If you do not think the fees being claimed are reasonable, you should raise your concerns with the external administrator. It is your decision whether to vote in favour of, or against, a resolution to approve fees.

Generally, if fees are approved by a creditors' committee/creditors and you wish to challenge this decision, you may apply to the court and ask the court to review the fees. Special rules apply to court liquidations.

You may wish to seek your own legal advice if you are considering applying for a court review of the fees.

Reimbursement of out-of-pocket costs

An external administrator should be very careful incurring costs that must be paid from the external administration—as careful as if they were dealing with their own money. Their report on fees should also include information on the out-of-pocket costs of the external administration.

If you have questions about any of these costs, you should ask the external administrator and, if necessary, bring it up at a creditors' committee/creditors' meeting. If you are still concerned, you have the right to ask the court to review the costs.

Queries and complaints

You should first raise any queries or complaints with the external administrator. If this fails to resolve your concerns, including any concerns about their conduct, you can lodge a complaint with ASIC at www.asic.gov.au/complain, or write to:

ASIC Complaints
PO Box 9149
TRARALGON VIC 3844

ASIC will usually not become involved in matters of commercial judgement by an external administrator. Complaints against companies and their officers can also be made to ASIC. For other enquiries, email ASIC through infoline@asic.gov.au, or call ASIC's Infoline on 1300 300 630 for the cost of a local call.

To find out more

For an explanation of terms used in this information sheet, see ASIC's information sheet INFO 41 *Insolvency: a glossary of terms*. For more on external administration, see ASIC's related information sheets at www.asic.gov.au/insolvencyinfosheets:

- 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*

These are also available from the Insolvency Practitioners Association (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.



Appendix D – Hall Chadwick’s Remuneration Report

REMUNERATION REPORT

Oceanlinx Limited
 (Administrators Appointed) (Receivers and Managers Appointed)
 A.C.N. 077 104 404

Company: Oceanlinx Limited (Administrators Appointed)(Receivers and Managers Appointed)	Period From: 21 March 2014	To: 2 April 2014
Practitioners: David Ross and Brent Kijurina	Firm: Hall Chadwick	
Administration Type: Voluntary Administration		

The work that my staff and I have been required to complete and the work which will encompass the fee that I will request the creditors fix at the forthcoming meeting includes:

Task Area	General Description	Includes
Administration 21.10 Hours \$6,251.50	Document maintenance / file review / checklist	<ul style="list-style-type: none"> - Internal notifications of appointment including opening files - Updating control forms and task lists - Filing documentation - File reviews - Updating checklists
	Bank account administration	<ul style="list-style-type: none"> - Preparing correspondence opening and closing accounts - Requesting bank statements - Bank account reconciliations - Correspondence with bank regarding specific transactions - Notify banks of appointment. - Post cash book entries and complete bank reconciliations
	ASIC forms	<ul style="list-style-type: none"> - Preparing and lodging ASIC forms - Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> - Preparation of documentation informing Directors of their statutory requirements once the Administrators are appointed - Preparation and lodgement of statutory documents notifying of appointment of Administrators - Registration for GST and preparation and lodgement of Business Activity Statements - Preparation of advertisements notifying appointment and meetings of creditors
	Planning / Review	<ul style="list-style-type: none"> - Discussions regarding status of administration - Discussions with the directors in relation to the Administration of the Company - Telephone conferences with inter-state staff in relation to Administration strategy - Internal review of job progression - Analyse and assess the Company's current trading position
	Books and records / Storage	<ul style="list-style-type: none"> - Dealing with records in storage - Sending job files to storage - Attend Company premises and collect the

REMUNERATION REPORT

Oceanlinx Limited
 (Administrators Appointed) (Receivers and Managers Appointed)
 A.C.N. 077 104 404

		<ul style="list-style-type: none"> - Company's books and records - Liaising with interstate staff in relation to the Company's books and records
Assets 10.00 Hours \$4,711.00	Plant and Equipment	<ul style="list-style-type: none"> - Liaising with Hymans asset management in relation to preparing a valuation on the Company's Plant & Equipment - Providing photos of assets to Valuers - Review asset register - Discussions with the Company's Directors and Staff in relation to the Company's Plant & Equipment - Review of various photos identifying the Company's assets - Liaised with Manager from Marine Services Transport Services Division Department of Planning, Transport and Infrastructure SA in relation to securing wave machine - Discussion with subcontractors in relation to securing wave machine
	Insurance	<ul style="list-style-type: none"> - Identification of potential issues requiring attention of insurance specialists - Correspondence with insurer regarding initial and ongoing insurance requirements - Various discussions with PRM in relation to insurance related issues - Reviewing insurance policies - Discussion with Directors and Staff in relation to ongoing insurance claim - Discussion with PRM in relation to ongoing insurance claim of the Company - Review of correspondence workers comp claim received from employee and forwarded onto PRM for review and advice - Correspondence with previous brokers - Discussion with Hymans asset management in relation to identifying assets to be insured
	Assets subject to specific charges	<ul style="list-style-type: none"> - Initial letter sent to in relation to registered security interest
	Other Assets	<ul style="list-style-type: none"> - Tasks associated with realising other assets - Hold discussions with the employees of the Company in relation to assets of the Company - Review of the information provided by third parties in relation to assets of the Company - Review of the Company's financials and books and records to identify the assets of the Company - Liaised with Director and staff in relation to insurance claim in relation to wave machine - Liaised with Director and staff in relation to research and development offset available to the Company - Discussion with Director and staff in relation to any possible Debtors of the Company

REMUNERATION REPORT

Oceanlinx Limited
 (Administrators Appointed) (Receivers and Managers Appointed)
 A.C.N. 077 104 404

	Leasing	<ul style="list-style-type: none"> - Reviewing leasing documents - Review of Lease schedules
Creditors 90.50 Hours \$38,581.50	Creditor Enquiries	<ul style="list-style-type: none"> - Receive and follow up creditor enquiries via telephone - Review and prepare correspondence to creditors and their representatives via facsimile, email and post - Attended various enquiries from the creditors and employees in relation to the Administration process and their claim
	Secured creditor	<ul style="list-style-type: none"> - Various correspondence and discussions with the Company's secured creditor Macquarie Bank providing an update on the Administration - Responding to Macquarie Bank's queries - Liaising with Macquarie Bank in order to organise a meeting to discuss the Administration - Initial preparation of report to secured creditor - Review of Security documents - Review of terms in relation to finance facility with Macquarie Bank - Liaised with the Company's Directors in relation to the company's finance facility with the Macquarie Bank - Liaising with the Company's staff in relation to the company's finance facility with the Macquarie Bank - Review of other secured creditors claim against the Company - Reviewing advice obtained from lawyers in relation to secured creditors claim - Review of redeemable secured convertible note deeds - Review advice from solicitors in relation to the validity of the redeemable secured convertible note deeds - Various meetings with solicitors in relation to secured creditors claim
	Creditor reports	<ul style="list-style-type: none"> - Obtaining list of creditors and importing to the system - Notification to the creditors and employees of the Administration - Preparation of the initial report to creditors with attachments
	Dealing with proofs of debt	<ul style="list-style-type: none"> - Receipting and filing POD's when not related to a dividend - Receiving creditors' claims throughout the Administration period and updating the records - Correspondence inviting creditors to lodge proofs of debt - Reviewing supporting documents for creditors claim

REMUNERATION REPORT

Oceanlinx Limited
 (Administrators Appointed) (Receivers and Managers Appointed)
 A.C.N. 077 104 404

		<ul style="list-style-type: none"> - Review of claims from creditors and recorded in the system
	Meeting of Creditors	<ul style="list-style-type: none"> - Preparation of meeting notices, proxies and advertisements - Forward notice of meeting to all known creditors - Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting - Preparation and lodgement of minutes of meetings with ASIC - Responding to stakeholder queries and questions immediately following meeting - Advertisement of the initial meeting of creditors - Preparation of documentation for attendance at meeting of creditors - Attending creditors' queries before and after meeting of creditors - Collating and recording of proxies for meeting of creditors - Collating and recording of proofs of debt for meeting of creditors - Attending the initial meeting of creditors - Preparation of draft minutes of initial creditors meeting - Organising and booking the meeting rooms.
	Employees enquiry	<ul style="list-style-type: none"> - Prepare and review correspondence to employees and their representatives - Attending various enquiries from the employees in relation to the Administration process and their claim - Notification to the employees of the Administration - Preparation of letters to employees advising of their entitlements and options available - Receive and prepare correspondence in response to employees objections to leave entitlements - Meeting with employees in relation to ongoing trading of the business
	Calculation of entitlements	<ul style="list-style-type: none"> - Calculating employee entitlements - Discussion with employees in relation to the calculation of employee entitlements - Reviewing employee files and company's books and records - Review contracts - Liaising with Company's payroll officer in relation to the calculation of employee entitlements
	Workers compensation claims	<ul style="list-style-type: none"> - Review insurance policies - Discussion with PRM in relation to workers compensation claims

REMUNERATION REPORT

Oceanlinx Limited
 (Administrators Appointed) (Receivers and Managers Appointed)
 A.C.N. 077 104 404

<p>Investigation</p> <p>107.50 Hours</p> <p>\$42,820.00</p>	<p>Conducting Investigation</p>	<ul style="list-style-type: none"> - Collection of company books and records - Reviewing company's books and records - Review and preparation of company nature and history - Conducting and summarising statutory searches - Review of Financial statements - Review of specific transactions and liaising with directors regarding certain transactions - Preparation of investigation file - Issued various demands for the books and records of the Company to the Company's Directors - Various telephone conversations with the Company's internal accountant and chief financial officer in relation to the Company books and records. - Conducting investigations into the Company's business, property, affairs and financial circumstances - Performing company searches for various companies in the Group - Performing investigations in the group structure, intercompany transactions and the value of the Company's investment - Investigation in relation to past and current officers of the Company - Obtain and list books and records of the Company - Investigations into the ownership of the assets of the Company - Conducting investigations in relation to reasons for failure of the Company - Review of cashbook and various trial balances and accounts - Performing investigations in relation to voidable transactions - Investigation in relation to insolvent trading of the Company - Investigations prepared in relation to pre-appointment transactions involving Director Ali Baghaei - Investigations prepared in relation to pre-appointment transactions involving Caroline Chen - Liaising with the Company's employees in relation to pre-appointment transactions involving Mr Ali Baghaei and Ms Caroline Chen - Investigation into insurance claim relating to the wave machine - Investigation into research and development offset available to the Company - Discussion with council departments in
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REMUNERATION REPORT

Oceanlinx Limited
 (Administrators Appointed) (Receivers and Managers Appointed)
 A.C.N. 077 104 404

		<p>relation to the removal and safety precautions to be put in place for the damaged wave machine</p> <ul style="list-style-type: none"> - Discussion with Manager Marine Services Transport Services Division Department of Planning, Transport and Infrastructure SA in relation to damaged wave machine - Review correspondence from Manager Marine Services Transport Services Division Department of Planning, Transport and Infrastructure SA in relation to securing wave machine and implementing actions to minimise the safety risks - Review correspondence from Australian Renewable energy Agency ("Arena") in relation to research and development grant available to the Company; - Liaised with Director in relation to the research and development grant available through Arena Liaised with staff in relation to the research and development grant available through Arena - Liaised with Receiver and Managers upon their appointment; - Discussion with Receivers and Managers in relation investigations prepared to date; - Discussion with Receivers and Managers in relation to funds recovered from the Company's pre-appointment bank account; - Backup Company's books and records in order to provide copy to Receivers and Managers - Liaise with IT staff in relation to gaining access to the Company's server and creating a backup copy of the server - Provide Receivers and Managers with access to the Company's books and records - Review correspondence from Receivers and Managers requesting funds during Administration to be transferred to the Company's Receivership bank account; - Various correspondence with the Administrators solicitors in relation to right of indemnity with respect to remuneration and costs incurred during the Administration period - Liaise with the Directors solicitor in relation to replacing the Administrator at the initial meeting of creditors - Various meeting with solicitors in relation to consents received to remove administrators - Various telephone conversations with Solicitors in relation to possible application to remove administrators - Provide solicitors with consent to act and
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REMUNERATION REPORT

Oceanlinx Limited
 (Administrators Appointed) (Receivers and Managers Appointed)
 A.C.N. 077 104 404

		Declaration of Independence Relevant Relationships and Indemnities ("DIRRI") received from other Administrators for review and advice - Provide solicitors with correspondence from ASIC in relation to review of DIRRI for advice
	Investigations in Relation to Trade on Management	- Liaising with suppliers - Liaising with management and staff - Attendance on site - Conversations with the employees and obtained information required for cashflow and trade on analysis. - Obtaining details of various lease and services agreements of the Company. - Liaising with the Company's accountant in relation to calculating the Company's Research and Development claim - Review of possible insurance claim in relation to wave machine - Discussion with Directors and staff in relation to possible insurance claim in relation to wave machine
Total Hours 229.10 hours Total Remuneration (excluding GST) \$ 92,364.00 GST at 10% \$ 9,236.40 Total Remuneration (including GST) \$ 101,600.40		

Oceanlinx Limited (Administrators Appointed) (Receivers and Managers Appointed)
Remuneration Report: Calculation of Remuneration for Administration Period
21 March 2014 to 2 April 2014

Employee	Position	\$/hour (excls GST)	Total hours	Total \$	Administration Hours	Administration (\$)	Assets Hours	Assets (\$)	Creditor Hours	Creditors (\$)	Investigation Hours	Investigation (\$)
David Ross	Partner/Appointee	640.00	15.00	9,600.00	0.40	256.00	0.40	256.00	5.00	3,200.00	9.20	5,888.00
Brent Kijurina	Partner	640.00	7.10	4,544.00	1.10	704.00	1.50	960.00	3.70	2,368.00	0.80	512.00
Steven Gladman	Partner	640.00	0.10	64.00		-		-		-	0.10	64.00
Gaurav Mishra	Senior Manager	525.00	59.60	31,290.00	3.90	2,047.50	3.40	1,785.00	20.70	10,867.50	31.60	16,590.00
Robin Barrett	Manager	515.00	2.50	1,287.50		-		-	2.50	1,287.50		-
LarissaAnn Sura	Supervisor	430.00	0.20	86.00	0.20	86.00		-		-		-
Andrew Vosko	Senior 1	375.00	52.20	19,575.00	0.80	300.00	4.00	1,500.00	40.60	15,225.00	6.80	2,550.00
Faress Azzam	Senior 2	330.00	32.10	10,593.00	1.40	462.00		-	5.50	1,815.00	25.20	8,316.00
Michael Cooper	Senior 2	330.00	0.50	165.00		-		-	0.50	165.00		-
Jason Ferfoglia	Senior 2	330.00	2.80	924.00	0.10	33.00		-	2.70	891.00		-
Biljana Vuckovic	Intermediate 1	300.00	5.20	1,560.00	1.00	300.00	0.50	150.00	3.00	900.00	0.70	210.00
David Kennedy	Intermediate 1	300.00	28.90	8,670.00	0.40	120.00	0.20	60.00	5.20	1,560.00	23.10	6,930.00
Briannine Watson	Intermediate 2	300.00	0.20	60.00	0.20	60.00		-		-		-
Cassandra Risteska	Intermediate 2	275.00	1.40	385.00		-		-	1.10	302.50	0.30	82.50
Jose Talite	Intermediate 2	275.00	2.30	632.50	1.60	440.00		-		-	0.70	192.50
Jason Swire	IT Staff	165.00	2.50	412.50	2.50	412.50		-		-		-
Jack Michie	Junior 1	165.00	9.00	1,485.00		-		-		-	9.00	1,485.00
Nikita Prakash	Junior 1	165.00	0.60	99.00	0.60	99.00		-		-		-
Ashlee Smith	PA/Secretary	135.00	1.00	135.00	1.00	135.00		-		-		-
Ellie Barrett	Administration Assistant	135.00	3.70	499.50	3.70	499.50		-		-		-
Marie Outeirinho	Administration Assistant	135.00	0.10	13.50	0.10	13.50		-		-		-
Nicolle Dawkins	Administration Assistant	135.00	0.30	40.50	0.30	40.50		-		-		-
Preeyea Raju	Administration Assistant	135.00	1.80	243.00	1.80	243.00		-		-		-
TOTAL			229.10	92,364.00	21.10	6,251.50	10.00	4,711.00	90.50	38,581.50	107.50	42,820.00
GST (10%)				9,236.40		625.15		471.10		3,858.15		4,282.00
TOTAL (INCL. GST)				101,600.40		6,876.65		5,182.10		42,439.65		47,102.00
Average Hourly Rate				403.16		296.28		471.10		426.31		398.33



Appendix E – Remuneration Reports

Remuneration Report

Advice to Creditors - Remuneration

Remuneration Methods

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

Time based / hourly rates

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

Fixed Fee

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

Percentage

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

Contingency

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

Method chosen

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

- We will only be paid for work done, subject to sufficient realisations of the Company assets.
- It ensures creditors are only charged for work that is performed. Our time is recorded and charged in six minute increments and staff are allocated to duties according to their relevant experience and qualifications.
- We are required to perform a number of tasks which do not relate to the realisation of assets, e.g. responding to creditor enquiries, reporting to the ASIC, distributing funds in accordance with the provisions of the Corporations Act 2001.
- We are unable to estimate with certainty the total amount of fees necessary to complete all tasks required in this administration.

Explanation of Hourly Rates

The rates for our remuneration calculation are 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. Brings his or her specialist skills to the administration or insolvency task.	\$600.00
Partner	Registered liquidator. Brings his or her specialist skills to the administration or insolvency task.	\$600.00
Director	Typically CA or CPA qualified with in excess of 8 years' experience on insolvency matters with a number of years at manager level. Answerable to the appointee but otherwise responsible for all aspects of an administration. Capable of controlling all aspects of an administration. May be appropriately qualified to take appointments in his/her own right.	\$460.00
Manager	Typically CA or CPA qualified with 6 to 8 years' experience working on insolvency matters. Will have experience conducting administrations and directing a number of staff.	\$300.00
Senior Analyst	Typically completed or near completion of CA or CPA qualifications with 4 to 6 years insolvency experience. Assists in planning and control of smaller matters as well as performing some more difficult tasks on larger matters.	\$230.00
Analyst	Typically studying towards CA or CPA qualification with 2 to 4 years insolvency experience. Works under supervision of more senior staff in performing day-to-day fieldwork.	\$175.00
Graduate	Junior staff member who has completed a university degree with less than one year's experience working on insolvency matters. Works under supervision of more senior staff in performing day-to-day fieldwork.	\$145.00
Secretary	Advanced secretarial skills	\$160.00

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 are not required to seek creditor approval for disbursements, but must account to creditors. Details of the basis of recovering internal disbursements in this administration are provided below. Full details of any actual costs incurred will be provided with future reporting.

Basis of disbursement claim

Disbursements	Rate (Excl. GST)
Advertising	At cost – based on commercial rates charged by ASIC and state and national newspapers
Courier	At cost – based on commercial rates charged by major external courier firms
Search and Filing Fees	At cost – based on commercial rates charged by external search providers
Meeting Room Hire - External	At cost – based on commercial rates charged by external conference room facilitators
Stationary, Printing & Copying - External	At cost – based on commercial rates as offered by commonly used external providers
Travel - Flights/accommodation	At cost – based on commercial rates as offered by commonly used external providers
General (Miscellaneous) Expenses	At cost
Travel - Taxi/train/tolls/parking (excl. mileage)	At cost
Travel - Mileage (staff vehicle use)	\$0.70 per km
Postage	Australia Post rates

Scale applicable for financial year ending 30 June 2015

Remuneration Request Approval Report

Part 1: Declaration

We, Vaughan Strawbridge and Jason Tracy of Deloitte Touche Tohmatsu, have undertaken a proper assessment of this remuneration claim for 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, or to be properly performed, in the conduct of the Administration and further work to be properly performed as either Deed Administrators or Liquidators of the Company.

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	Report Reference	Amount \$ (excl. GST)
Current remuneration approval sought:		
18 October 2014 – 3 November 2014 (actual remuneration less \$20,000 approved at meeting of creditors on 3 November 2014)	3.1	\$31,224.50
4 November 2014 – 5 December 2014	3.2	\$45,340.50
6 December – 17 December 2014*	3.3	\$10,000.00
Total – Voluntary Administration		\$86,565.00
Liquidation		
17 December 2014 to completion of Liquidation*	3.4	\$80,000

*Approval for the future remuneration sought is based on an estimate of the work necessary to the end of the relevant period. Should additional work be necessary beyond what is forecast, further approval may be sought from creditors.

Please refer to report section references detailed in the above table for full details of the calculation and composition of the remuneration approval sought.

Part 3: Description of work completed

3.1 Actual work completed – 18 October 2014 to 3 November 2014

Task Area	General Description	Includes
Assets 5.9 hours \$2,948.00	Assets subject to specific charges	Discussions with secured creditors and their representatives Review CN Holder documentation
	Sale of Intellectual Property	Communications with interested parties regarding final expressions of interest for the Company's intellectual property. Discussions with various interested parties regarding offers received for the intellectual property Prepare and maintain expressions of interest schedule
Creditors 98.2 hours \$32,232.50	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Meetings with South Australia Maritime in relation to the clean-up and salvage of the GreenWAVE unit Meetings with New South Wales Maritime regarding the clean-up costs and contingent claim against the company Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Committee of creditors	Correspondence with committee of creditors members Providing updates to committee members regarding status of the administration
	Creditor reports	Finalise 439A report to creditors Review and discuss DOCA proposals Meetings with the DOCA proponents in relation to the DOCA proposals
	Dealing with proofs of debt	Receipting and filing PODs Adjudicating informal PODs Request further information from claimants regarding informal PODs
	Meeting of Creditors	Preparation of meeting notices, proxies and advertisements Forward notice of second meeting to all known creditors and shareholders Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting Holding and attending Second Meeting of Creditors
	Shareholder enquires	Distribution of 439A report to shareholders Responding to any shareholder queries
Investigation 20.5 hours \$6,115.00	Conducting investigation	Reviewing company's books and records Conducting and summarising statutory searches Liaising with directors regarding certain transactions Finalisation of investigation file.
	ASIC reporting	Preparing statutory investigation Liaising with ASIC in relation to the status of the administration Providing 439A report to ASIC
	Document maintenance / file review/checklist	Filing of documents File reviews Updating checklists.

Task Area	General Description	Includes
Administration 20.7 hours \$9,929.00	Insurance	Discussions with Receivers and Managers and their solicitors regarding settlement of insurance claim
	Finalisation of the Voluntary Administration	Discussions regarding status of administration Communications with the Receivers and Managers regarding the status the Receivership
	Books and Records / storage	Dealing with books and records Communicating with the Receivers regarding the books and records.
Total 145.3 hours \$51,224.50 (Average Hourly Rate \$ 352.54)		

3.2 Actual work from 4 November 2014 to the 5 December 2014

Task Area	General Description	Includes
Assets 44.2 hours \$21,866.00	Assets subject to specific charges	Discussions with secured creditors and their representatives
	Sale of Intellectual Property	Communications with interested parties regarding final expressions of interest for the Company's intellectual property. Prepare and maintain expressions of interest schedule Ongoing internal discussions regarding the offers received for the sale of the company's intellectual property Provide instructions to Bridges Lawyers regarding the deed for the sale of the Company's intellectual property and other assets. Execute deed of sale in relation to the Company's intellectual property and other assets.
Creditors 39.8 hours \$12,417.00	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Creditor reports	Prepare Supplementary 439A report, investigation, meeting and general reports to creditors advising of the status of the administration Ongoing communications with Maritime South Australia and Maritime New South Wales regarding their respective claims against the Company. Prepare and forward circular to all creditors regarding the sale of the company's assets, settlement of the Company's insurance claim and the contingent creditor claims.
	Dealing with proofs of debt	Receipt and file additional PODs Adjudicate additional PODs received Request further information from claimants regarding informal PODs
	Shareholder enquires	Respond to any shareholder queries

Task Area	General Description	Includes
Administration 37.7 hours \$11,057.50	Document maintenance / file review/checklist	Filing of documents File reviews Updating checklists.
	Insurance	Discussions with Receivers and Managers and their solicitors regarding settlement of insurance claim
	Finalisation of the Voluntary Administration	Discussions regarding status of administration Communications with the Receivers and Managers regarding the status the Receivership
	Bank account administration	Open bank account Prepare various receipts and payments
	Books and Records / storage	List and catalogue the books and records of the Company Communicating with the Receivers regarding the books and records.
Total 121.7 hours \$45,340.50 (Average Hourly Rate \$ 372.56)		

3.3 Forecast work from 6 December 2014 to the 17 December 2014

Task Area	General Description	Includes
Assets 3.5 hours \$1,360.00	Assets subject to specific charges	Discussions with secured creditors and their representatives regarding the discharge of the secured creditors security interest.
	Sale of Intellectual Property	Assist the purchaser with the transfer of the Company's intellectual property
Creditors 15.0 hours \$4,745.00	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Respond to creditor queries in relation to the adjourned meeting of creditors Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Committee of creditors	Correspondence with committee of creditors members Providing updates to committee members regarding status of the administration
	Creditor reports	Prepare Supplementary 439A report, investigation, meeting and general reports to creditors advising of the status of the administration Prepare a revised ESOP Provide the Supplementary 439A report to creditors via post and email Provide the Supplementary 439A report to ASIC
	Dealing with proofs of debt	Receipt and file additional PODs Adjudicate additional PODs received Request further information from claimants regarding informal PODs
	Meeting of Creditors	Prepare meeting notices, proxies and advertisements

Task Area	General Description	Includes
		Forward notice of adjourned second meeting to all known creditors Prepare meeting file, including agenda, certificate of postage, attendance register, list of creditors, supplementary reports to creditors, advertisement of meeting and draft minutes of meeting Hold and attend the adjourned second meeting of creditors
	Shareholder enquires	Respond to any shareholder queries
Administration 11.5 hours \$3,835.00	Document maintenance / file review/checklist	Filing of documents File reviews Updating checklists.
	Finalisation of the Voluntary Administration	Discussions regarding status of Administration Communications with the Receivers and Managers regarding the status the Receivership
	Books and Records / storage	Dealing with books and records Communicating with the Receivers regarding the books and records.
Total 30.0 hours \$9,940.00 (Average Hourly Rate \$ 331.33)		

3.4 Liquidation

Future Remuneration – 17 December 2014 to completion of the Liquidation

Task Area	General Description	Includes
Assets 8.0 hours \$2,855.00	Sale of intellectual property	Preparing an information memorandum Liaising with purchasers Internal meetings to discuss/review offers received
Creditors 78.0 hours \$21,647.50	Creditor reports	Prepare reports to creditors
	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of creditors members
	Secured creditor reporting	Notifying PPSR registered creditors of appointment Preparing reports to secured creditor Responding to secured creditor's queries
	Dealing with proofs of debt	Receipting and filing PODs Corresponding with OSR and ATO regarding POD when not related to a dividend
	Meeting of Creditors	Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors
	Shareholder enquiries	Responding to any shareholder enquiries

Task Area	General Description	Includes
Investigation 19.5 hours \$5,740.00	Conducting investigation	Reviewing company's books and records Liaising with directors regarding certain transactions Preparation of investigation file Lodgement of investigation with the ASIC Preparation and lodgement of supplementary report if required
	Examinations	Preparing brief to solicitor Consider conducting public examinations
	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC
Dividend 148.0 hours \$32,762.50	Processing proofs of debt	Preparation of correspondence to potential creditors inviting lodgement of POD Receipt of POD Maintain POD register Adjudicating POD Request further information from claimants regarding POD Preparation of correspondence to claimant advising outcome of adjudication
	Dividend procedures	Preparation of correspondence to creditors advising of intention to declare dividend Advertisement of intention to declare dividend Obtain clearance from ATO to allow distribution of company's assets Preparation of dividend calculation Preparation of correspondence to creditors announcing declaration of dividend Advertise announcement of dividend Preparation of distribution Preparation of dividend file Preparation of payment vouchers to pay dividend Preparation of correspondence to creditors enclosing payment of dividend
Administration 65.0 hours \$16,907.50	Correspondence	General correspondence to letters and emails
	Document maintenance / file review / checklist	First month, then six monthly administration review Filing of documents File reviews Updating checklists
	Insurance	Review of Receivers and Managers' settlement with insurers Correspondence with previous brokers
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505, 524, 911 etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment Preparing BAS

Task Area	General Description	Includes
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of liquidation
	Books and records / storage	Sending job files to storage Request approval from ASIC for early destruction of books and records Destruction of books and records
Total 318.5 hours \$79,912.50 (Average Hourly Rate \$250.90)		

Part 4: Calculation of Remuneration

Resolution 1 - Calculation of Additional Remuneration – 18 October 2014 to 3 November 2014

Please see the table at *Attachment 1*.

Resolution 2 - Calculation of Current Remuneration - 4 November 2014 to 5 December 2014

Please see the table at *Attachment 2*.

Resolution 3 - Calculation of Future Remuneration – 6 December 2014 to 17 December 2014

Please see the table at *Attachment 3*.

Resolution 4 - Calculation of Future Remuneration – 17 December 2014 to the completion of the Liquidation.

Please see the table at *Attachment 4*.

Part 5: Statement of remuneration claim

5.1: Statement of remuneration claim – Additional remuneration 18 October 2014 to 3 November 2014

The following resolution in relation to the Administrators' additional remuneration will be proposed to the creditors of Oceanlinx Limited (Administrators Appointed) (Receivers and Managers Appointed):

“That the additional remuneration of the Administrators, their partners and staff, for the period of the Administration from 18 October 2014 to 3 November 2014 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 10 December 2014 of fees equalling \$31,224.50 plus GST plus disbursements equalling \$2,561.23 plus GST, and that the Administrators can draw the remuneration and disbursements as required.”

5.2: Statement of remuneration claim – Current remuneration 4 November 2014 to 5 December 2014

The following resolution in relation to the Administrators' current remuneration will be proposed to the creditors of Oceanlinx Limited (Administrators Appointed) (Receivers and Managers Appointed):

“That the remuneration of the Administrators, their partners and staff, for the period of the Administration from 4 November 2014 to 5 December 2014 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 10 December 2014 of fees equalling \$45,340.50 plus GST plus disbursements equalling \$3,556.36 plus GST, and that the Administrators can draw the remuneration and disbursements as required.”

5.3: Statement of remuneration claim – Future remuneration 6 December to 17 December 2014

The following resolution in relation to the Administrators' future remuneration will be proposed to the creditors of Oceanlinx Limited (Administrators Appointed) (Receivers and Managers Appointed):

“That the remuneration of the Administrators, their partners and staff, for the period of the Administration from 6 December 2014 to 17 December 2014 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 10 December 2014 of fees equalling \$10,000 plus GST and disbursements, and that the Administrators can draw the remuneration and disbursements as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved.”

5.4: Statement of remuneration claim – Future remuneration 17 December to the completion of the Liquidation

The following resolution in relation to the Liquidators' future remuneration will be proposed to the creditors of Oceanlinx Limited (Administrators Appointed) (Receivers and Managers Appointed):

“That the remuneration of the Liquidators, their partners and staff, for the period from 17 December 2014 to the conclusion of the liquidation is fixed at a sum equal to the cost of time spent by the Liquidators and the Liquidators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 10 December 2014 of fees equalling \$80,000 plus GST and disbursements, and that the Liquidators can draw the remuneration and disbursements as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved.”

Part 6: Disbursements

Disbursements are divided into three types:

1. Disbursements are externally provided professional services - these are recovered at cost. An example of an A disbursement is legal fees.
2. Disbursements are externally provided non-professional costs such as travel, accommodation, search fees, meeting room hire and advertising. B disbursements are recovered at cost.
3. Disbursements are internally provided non-professional costs such as telephone calls, 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 Company, in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

Where amounts have been paid by our firm for externally provided services and costs, those payments are in reimbursement of costs previously paid by our firm, either due to lack of funds in the Administration at the time the payment was made, or the direct invoicing of our firm by the supplier.

Disbursements 18 October 2014 to 3 November 2014	Basis	Total \$ (excl. GST)
Internal disbursements		
Stationery, printing, photocopying, telephone & data, staff per diem	5% of incurred insolvency fees	\$2,561.23
Postage	Australia Post rates	\$0.00
Amenities	Staff Amenities	\$0.00
Total		\$2,561.23

Disbursements 4 November 2014 to 5 December 2014	Basis	Total \$ (excl. GST)
External non-professional disbursements		
General Expenses	At cost - based on commercial rates as offered by commonly used external providers	\$998.12
Travel – Taxi/train/tolls/parking/mileage/flights	At cost - based on commercial rates as offered by commonly used external providers	\$291.21
Internal disbursements		
Stationery, printing, photocopying, telephone & data, staff per diem	5% of incurred insolvency fees	\$2,267.03
Postage	Australia Post rates	\$0.00
Amenities	Staff Amenities	\$0.00
Total		\$3,556.36

Part 7: Information Sheet

Refer to Appendix G: ASIC Information Sheet 85 - Approving fees: a guide for creditors.



Attachment 1

Oceanlinx Limited
 (Administrators Appointed) (Receivers and Managers Appointed)
 ACN 077 104 404
 Actual remuneration - 18 October 2014 to 3 November 2014

Employee	Position	\$/hour (ex GST)	Total actual (hours)	Total actual (\$)	Task Area							
					Administration		Assets		Creditors		Investigations	
					Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)
Strawbridge, Vaughan	Partner	600.00	27.9	16,740.00	5.6	3,360.00	4.3	2,580.00	18.0	10,800.00	-	-
Jason Tracy	Partner	600.00	3.3	1,980.00	3.3	1,980.00	-	-	-	-	-	-
Rose, Dan	Director	460.00	14.4	6,624.00	4.0	1,840.00	-	-	10.4	4,784.00	-	-
Kathryn Evans	Director	460.00	4.0	1,840.00	4.0	1,840.00	-	-	-	-	-	-
Stewart, Andrew	Manager	300.00	33.5	10,050.00	-	-	-	-	13.5	4,050.00	20.0	6,000.00
George, Tanya	Manager	300.00	0.5	150.00	0.5	150.00	-	-	-	-	-	-
Clark, Carol	Senior Analyst	230.00	0.1	23.00	0.1	23.00	-	-	-	-	-	-
Pogroske, Dean	Senior Analyst	230.00	48.3	11,109.00	3.2	736.00	1.6	368.00	43.0	9,890.00	0.5	115.00
Matt Carter	Senior Analyst	230.00	0.5	115.00	-	-	-	-	0.5	115.00	-	-
Megan Quagliata	Senior Analyst	230.00	8.5	1,955.00	-	-	-	-	8.5	1,955.00	-	-
Smith, Sarah	Analyst	175.00	0.5	87.50	-	-	-	-	0.5	87.50	-	-
Emma Henderson	Graduate	145.00	3.8	551.00	-	-	-	-	3.8	551.00	-	-
Total			145.3	\$51,224.50	20.7	\$9,929.00	5.9	\$2,948.00	98.2	\$32,232.50	20.5	\$6,115.00
GST				5,122.45								
Total (including GST)				56,346.95								
<i>Average hourly rate</i>			<i>352.54</i>		<i>479.66</i>		<i>499.66</i>		<i>328.23</i>		<i>298.29</i>	

Attachment 2

Oceanlinx Limited
(Administrators Appointed) (Receivers and Managers Appointed)
ACN 077 104 404
Actual remuneration - 4 November 2014 to 5 December 2014

Employee	Position	\$/hour (ex GST)	Total actual (hours)	Total actual (\$)	Task Area					
					Administration		Assets		Creditors	
					Hours	(\$)	Hours	(\$)	Hours	(\$)
Strawbridge, Vaughan	Partner	600.00	32.2	19,320.00	4.0	2,400.00	21.8	13,080.00	6.4	3,840.00
Jason Tracy	Partner	600.00	1.4	840.00	1.4	840.00	-	-	-	-
Rose, Dan	Director	460.00	18.7	8,602.00	2.9	1,334.00	15.80	7,268.00	-	-
Stewart, Andrew	Manager	300.00	14.0	4,200.00	-	-	-	-	14.0	4,200.00
George, Tanya	Manager	300.00	4.2	1,260.00	4.2	1,260.00	-	-	-	-
Naty Spowart	Senior Analyst	230.00	1.7	391.00	1.7	391.00	-	-	-	-
Clark, Carol	Senior Analyst	230.00	0.2	46.00	0.2	46.00	-	-	-	-
Pogroske, Dean	Senior Analyst	230.00	40.1	9,223.00	16.8	3,864.00	6.6	1,518.00	16.7	3,841.00
Megan Quagliata	Senior Analyst	230.00	1.7	391.00	-	-	-	-	1.7	391.00
Muhammad Satti	Graduate	145.00	2.5	362.50	2.5	362.50	-	-	-	-
Mitchell Mcloed	Graduate	145.00	1.0	145.00	-	-	-	-	1.0	145.00
Kevin Thay	Vacationer	140.00	4.0	560.00	4.0	560.00	-	-	-	-
Total			121.7	\$45,340.50	37.7	\$11,057.50	44.2	\$21,866.00	39.8	\$12,417.00
GST				4,534.05						
Total (including GST)				49,874.55						
<i>Average hourly rate</i>			<i>372.56</i>		<i>293.30</i>		<i>494.71</i>		<i>311.98</i>	



Attachment 3

Oceanlinx Limited
 (Administrators Appointed) (Receivers and Managers Appointed)
 ACN 077 104 404
 Actual remuneration - 6 December 2014 to 17 December 2014

Employee	Position	\$/hour (ex GST)	Total actual (hours)	Total actual (\$)	Task Area					
					Administration		Assets		Creditors	
					Hours	(\$)	Hours	(\$)	Hours	(\$)
Strawbridge, Vaughan	Partner	600.00	3.5	2,100.00	1.5	900.00	0.5	300.00	1.5	900.00
Jason Tracy	Partner	600.00	1.5	900.00	0.5	300.00	0.5	300.00	0.5	300.00
Rose, Dan	Director	460.00	6.0	2,760.00	2.0	920.00	1.00	460.00	3.0	1,380.00
George, Tanya	Manager	300.00	0.5	150.00	0.5	150.00	-	-	-	-
Clark, Carol	Senior Analyst	230.00	0.5	115.00	0.5	115.00	-	-	-	-
Pogroske, Dean	Senior Analyst	230.00	11.5	2,645.00	4.0	920.00	1.0	230.00	6.5	1,495.00
Megan Quagliata	Senior Analyst	230.00	4.0	920.00	2.0	460.00	-	-	2.0	460.00
Kevin Thay	Vacationer	140.00	2.5	350.00	0.5	70.00	0.50	70.00	1.5	210.00
Total			30.0	\$9,940.00	11.5	\$3,835.00	3.5	\$1,360.00	15.0	\$4,745.00
GST				994.00						
Total (including GST)				10,934.00						
<i>Average hourly rate</i>			<i>331.33</i>		<i>333.48</i>		<i>388.57</i>		<i>316.33</i>	

Attachment 4

Oceanlinx Limited

(Administrators Appointed) (Receivers and Managers Appointed)

ACN 077 104 404

Forecast remuneration -17 December 2014 to the completion of the Liquidation

Employee	Position	\$/hour	Total	Total actual	Task Area									
					Administration		Assets		Creditors		Investigations		Dividend	
					Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)
Strawbridge, Vaughan	Partner	600.00	16.0	9,600.00	2.0	1,200.00	1.5	900.00	3.0	1,800.00	2.0	1,200.00	7.5	4,500.00
Tracy, Jason	Partner	600.00	4.5	2,700.00	2.0	1,200.00	-	-	2.0	1,200.00	0.5	300.00	-	-
Rose, Dan	Director	460.00	33.5	15,410.00	8.0	3,680.00	2.0	920.00	10.5	4,830.00	3.0	1,380.00	10.0	4,600.00
George, Tanya	Manager	300.00	10.5	3,150.00	2.5	750.00	-	-	5.0	1,500.00	-	-	3.0	900.00
Spowart, Naty	Senior Analyst	230.00	25.5	5,865.00	3.0	690.00	0.5	115.00	7.0	1,610.00	-	-	15.0	3,450.00
Pogroske, Dean	Senior Analyst	230.00	95.5	21,965.00	20.0	4,600.00	3.0	690.00	25.0	5,750.00	10.0	2,300.00	37.5	8,625.00
Megan Quagliata	Senior Analyst	230.00	26.0	5,980.00	10.0	2,300.00	1.0	230.00	15.0	3,450.00	-	-	-	-
Emma Henderson	Graduate	145.00	52.5	7,612.50	7.5	1,087.50	-	-	7.5	1,087.50	-	-	37.5	5,437.50
Kevin Thay	Vacationer	140.00	54.5	7,630.00	10.0	1,400.00	-	-	3.0	420.00	4.0	560.00	37.5	5,250.00
Total			318.5	79,912.50	65.0	16,907.50	8.0	2,855.00	78.0	21,647.50	19.5	5,740.00	148.0	32,762.50
GST				7,991.25										
Total (including GST)				87,903.75										
<i>Average hourly rate</i>			<i>250.90</i>		<i>260.12</i>		<i>356.88</i>		<i>277.53</i>		<i>294.36</i>		<i>221.37</i>	



Appendix F – Receipts and Payments

**Oceanlinx Limited
(Administrators Appointed)
(Receivers and Managers Appointed)**

**Joint and Several Administrators' Summary Of Receipts And Payments
To 10 December 2014
For All Bank Accounts**

RECEIPTS	Total (AUD)
Sale of IP and other assets	349,465.76
Repayment of potential preferences	50,534.24
Transfer of surplus funds from Receivers and Managers	300,000.00
TOTAL RECEIPTS	<u>700,000.00</u>
PAYMENTS	
Bank Charges	2.30
Legal Fees	107,765.95
Administrators' Remuneration	180,781.50
Administrators' Expenses	9,455.28
GST Receivable	29,800.28
TOTAL PAYMENTS	<u>327,805.31</u>
Balances in Hand	<u><u>372,194.69</u></u>



Appendix G – Proof of Debt form

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

OCEANLIX LIMITED
(ADMINISTRATORS APPOINTED) (RECEIVERS AND MANAGERS APPOINTED)
ACN 077 104 404

Name of creditor:

Address of creditor:

.....

ABN:

Telephone number:

Amount of debt claimed: \$..... (including GST \$)

Consideration for debt (i.e, the nature of goods or services supplied and the period during which they were supplied):

.....

.....

.....

Is the debt secured? YES/NO

If secured, give details of security including dates, etc:

.....

.....

.....

Other information:

.....

.....

.....
Signature of Creditor
(or person authorised by creditor)

Notes:

Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless (Regulation 5.6.23):

- a. his or her claim has been admitted, wholly or in part, by the Joint Administrators; or
- b. he or she has lodged with the Joint Administrators particulars of the debt or claim, or if required, a formal proof of debt.

At meetings held under Section 436E and 439A, a secured creditor may vote for the whole of his or her debt without regard to the value of the security.

Proxies must be made available to the Joint Administrators.



Appendix H – Form of Proxy

CORPORATIONS ACT 2001

APPOINTMENT OF PROXY
CREDITORS MEETING

OCEANLIX LIMITED
(ADMINISTRATORS APPOINTED) (RECEIVERS AND MANAGERS APPOINTED)
ACN 077 104 404
("the Company")

*I/*We (1).....
of.....
a creditor of the Company, appoint (2)
.....
or in his or her absence
as *my/our *general/special proxy to vote at the meeting of creditors to be held on Wednesday, 17 December 2014 at 2:00PM (AEDT), or at any adjournment of that meeting.(3)

(i) to vote on all matters arising at the meeting (IF GENERAL PROXY)

OR

(ii) to vote for or against the following resolutions (IF SPECIAL PROXY)

ONLY COMPLETE THE FOLLOWING IF YOU HAVE APPOINTED A SPECIAL PROXY ABOVE.

Please circle your preferred voting option.

1. To consider and if thought fit, pass one of the following resolutions (choose ONE of a, b or c):

a. *"That the Company execute a Deed of Company Arrangement."* **FOR / AGAINST / ABSTAIN**

b. *"That the Administration end."* **FOR / AGAINST / ABSTAIN**

c. *"That the Company be wound up and Vaughan Strawbridge and Jason Tracy be appointed Joint and Several Liquidators".* **FOR / AGAINST / ABSTAIN**

2. To consider and if thought fit, approve the Former Administrators' remuneration:

"That the remuneration of the Former Administrators of the Company, their partners and staff from 21 March 2014 to 2 April 2014, be approved up to a maximum amount of \$85,000 plus GST, calculated in accordance with the Hall Chadwick hourly rates and that the Administrators be authorised to draw the remuneration."

FOR / AGAINST / ABSTAIN

3. To consider and if thought fit, approve the Joint and Several Administrators' additional remuneration:

"That the additional remuneration of the Administrators, their partners and staff, for the period of the Administration from 18 October 2014 to 3 November 2014 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 10 December 2014 of fees equalling \$31,224.50 plus GST plus disbursements equalling \$2,561.23 plus GST, and that the Administrators can draw the remuneration and disbursements as required."

FOR / AGAINST / ABSTAIN

4. To consider and if thought fit, approve the Joint and Several Administrators' current remuneration:

“That the remuneration of the Administrators, their partners and staff, for the period of the Administration from 4 November 2014 to 5 December 2014 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 10 December 2014 of fees equalling \$45,340.50 plus GST plus disbursements equalling \$3,556.36 plus GST, and that the Administrators can draw the remuneration and disbursements as required.”

FOR / AGAINST / ABSTAIN

5. To consider and if thought fit, approve the Joint and Several Administrators' future remuneration:

“That the remuneration of the Administrators, their partners and staff, for the period of the Administration from 6 December 2014 to 17 December 2014 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 10 December 2014 of fees equalling \$10,000 plus GST and disbursements, and that the Administrators can draw the remuneration and disbursements as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved.”

FOR / AGAINST / ABSTAIN

6. In the event that the creditors vote to wind up the Company, to consider and if thought fit, approve the Joint and Several Liquidators' future remuneration:

“That the remuneration of the Liquidators, their partners and staff, for the period from 17 December 2014 to the conclusion of the liquidation is fixed at a sum equal to the cost of time spent by the Liquidators and the Liquidators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 10 December 2014 of fees equalling \$80,000 plus GST and disbursements, and that the Liquidators can draw the remuneration and disbursements as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved.”

FOR / AGAINST / ABSTAIN

7. To consider and if thought fit, should creditors resolve that the Company be wound up, pass the following resolution:

“That a Committee of Inspection be appointed.”

FOR / AGAINST / ABSTAIN

I am prepared / not* prepared to sit on the Committee of Inspection.

8. In the event that the creditors vote to wind up the Company, to consider and if thought fit, approve the early destruction of the books and records of the Company at the conclusion of the winding up:

“That subject to obtaining the approval of the Australian Securities and Investments Commission under section 542(4) of the Corporations Act 2001, the books and records of the Company and of the liquidation be disposed of by the liquidators 6 months after the dissolution of the Company or earlier at the discretion of the Australian Securities and Investments Commission.”

FOR / AGAINST / ABSTAIN

DATED this

day of

2014.

Signature

CERTIFICATE OF WITNESS

This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy.

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 or her before he or she signed or marked the instrument.

Dated:

Signature of Witness:

Description:

Place of Residence:

* Strike out if inapplicable

- (1) If a firm, strike out "I" and set out the full name of the firm.
- (2) Insert the name, address and description of the person appointed.
- (3) If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution.