



McGrathNicol

McGrathNicol
Partnership

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mcgrathnicol.com

**Baralaba Coal Company Limited (Administrators Appointed)
ACN 112 682 158 ("the Company")**

Circular to Creditors

I advise that Shaun Fraser, Jason Preston and I were appointed Voluntary Administrators of the Company on 12 July 2017.

First statutory meeting of creditors

A first statutory meeting of creditors must be held within eight business days of my appointment. In this regard, I have convened a meeting for Monday, 24 July 2017. The statutory purpose of the first meeting is to allow creditors to determine whether a committee of creditors should be appointed and to appoint an alternative administrator if it is so resolved at the meeting. The first meeting for the Company will be held at Waterfront Place, Level 13, 1 Eagle Street, Brisbane Qld 4000 on 24 July 2017 at 12:00 PM. A formal Notice of the Meeting is enclosed.

Creditors who intend to vote at the meeting are required to lodge a formal proof of debt. A blank proof of debt form along with instructions on how to complete it, are enclosed.

Creditors who are unable to attend the meeting and wish to be represented should ensure that either a proxy form, power of attorney, or evidence of appointment of a company representative is completed. A blank proxy form is enclosed.

Documents for the meeting may be lodged with me in preparation for the meeting prior to 5:00 PM on 21 July 2017.

Report and second meeting

All creditors will receive a detailed report from me regarding the Company's affairs before the second statutory meeting of creditors must be held. A decision on the Company's future will be made at the second statutory meeting.

Declaration of Independence, Relevant Relationships and Indemnities

In accordance with Section 436DA of the *Corporations Act 2001* and the Australian Restructuring, Insolvency & Turnaround Association ("ARITA") Code of Professional Practice, a Declaration of Independence, Relevant Relationships and Indemnities is enclosed for your information.

This declaration discloses information regarding our independence, any prior personal or professional relationships with the Company or related parties and any indemnities received in relation to this appointment.

D14-170714-BARACOA01-L-CircularToCreditors-WWH

In association
with



Liability limited by a scheme
approved under Professional
Standards Legislation

Advisory
Forensic
Transactions
Restructuring
Insolvency



The partners and staff of McGrathNicol have extensive experience in Voluntary Administrations of large and small companies. McGrathNicol partners have acted as Voluntary Administrators for companies operating small to medium businesses, through to very large public companies.

Remuneration

The Administrators' remuneration can only be fixed by resolution of creditors, a resolution of a committee of creditors or by application to the Court. Approval of our remuneration will be sought at the second meeting of creditors.

In accordance with ARITA's Code of Professional Practice, a Schedule of Remuneration Methods and Hourly Rates is enclosed for your information. A Remuneration Report providing details of the remuneration sought will be provided prior to the second meeting of creditors.

Other matters

For further information about this engagement, please refer to the website www.mcgrathnicol.com.

A copy of the "Insolvency information for directors, employees, creditors and shareholders" information sheet issued by the Australian Securities & Investments Commission ("ASIC") is enclosed for your information.

If you require any further information, please contact Ms Wendy Hooijer of my staff on (07) 3333 9823.

Dated: 17 July 2017

Jamie Harris
Voluntary Administrator

Enclosures:

Notice of Meeting

Proof of Debt

Instructions for Completion of Proof of Debt

Proxy

Instructions for Proxy

Declaration of Independence, Relevant Relationships and Indemnities

Schedule of Remuneration Methods and Hourly Rates

ASIC "Insolvency information for directors, employees, creditors and shareholders" information sheet

FORM 529A
Corporations Act 2001

**NOTICE OF FIRST MEETING OF
CREDITORS OF COMPANY UNDER ADMINISTRATION**

Baralaba Coal Company Limited (Administrators Appointed)

ACN 112 682 158 ("the Company")

1. On 12 July 2017 the Company, under Section 436A, appointed Shaun Robert Fraser, Jason Preston and William James Harris of McGrathNicol as Joint & Several Voluntary Administrators.
2. Notice is now given that a meeting of the creditors of the Company will be held at: Waterfront Place, Level 13, 1 Eagle Street, Brisbane Qld 4000 on 24 July 2017 at 12:00 PM
3. The purpose of the meeting is to determine:
 - (a) whether to appoint a committee of creditors; and
 - (b) if so, who are to be the committee's members.
4. At the meeting, creditors may also, by resolution:
 - (a) remove the Administrators from office; and
 - (b) appoint someone else as Administrator of the Company.

Dated: 17 July 2017



Jamie Harris

Voluntary Administrator

FORM 535

Subregulation 5.6.49(2)

Corporations Act (2001)

**FORMAL PROOF OF DEBT OR CLAIM
(GENERAL FORM)**

To the Administrators of Baralaba Coal Company Limited (Administrators Appointed) ("the Company")

1. This is to state that the Company was on 12 July 2017 and still is, justly and truly indebted to:

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

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

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: *(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).*

Date	Drawer	Acceptor	Amount \$c	Due Date

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

.....

Dated

Signature

Occupation:

Address

Proof of Debt Reference:



Address: McGrathNicol, Level 7, 175 Eagle Street, Brisbane QLD 4000
Contact Name: Wendy Hooijer
Contact Number: (07) 3333 9823

Proofs of Debt
Notes for your guidance

(Please read carefully before filling in Form 535 or Form 536)

It is a creditor's responsibility to prove their claim to our satisfaction.

When lodging claims, creditors must ensure that:

- a) the proof of debt form is properly completed in every particular; and
- b) evidence, such as that detailed below, is attached to the Form 535 or Form 536.

Directions for completion of a Proof of Debt

1. Insert the full name and address of the creditor.
2. Under "Consideration" state how the debt arose, for example "goods sold to the company on".
3. Under "Remarks" include details of any documents that substantiate the debt (refer to the section titled "Information to support your claim" below for further information).
4. Where the space provided for a particular purpose is insufficient to contain all the required information in relation to a particular item, that information should be set out in an annexure.
5. An annexure to the form must have an identifying mark and be endorsed with the words:
"This is the annexure of pages marked referred to in the Form 535/536 signed by me and dated"

.....
Signature(s)

.....
Name of Signatory "IN BLOCK LETTERS"

and signed by each person signing the form to which the document is annexed.

6. The pages in the annexure must be numbered consecutively.
7. Where a document, copy of a document or other matter is annexed to a form, reference made in the form to the annexure shall be by its identifying mark, the number of pages in it, and a brief description of the nature of the document and its contents.
8. A reference to an annexure includes a document, copy of a document or any other matter accompanying, attaching to or annexed to a form.

Information to support your claim

Please note that your debt is not likely to be accepted unless evidence to support its existence is provided. Detailed below are some examples of the type of debt creditors may be claiming and a suggested list of documents, copies of which should accompany a proof of debt for that class of creditor.

Trade Creditors

- Statements and supporting invoices(s) showing the amount of the debt; and
- Advice(s) to pay outstanding invoice(s) (optional).

**Guarantees/Indemnities**

- Executed guarantee/indemnity;
- Notice of Demand served on the guarantor; and
- Calculation of the amount outstanding under the guarantee.

Judgment Debt

- Copy of the judgment; and
- Documents/details to support the underlying debt as per other categories.

Deficiencies on Secured Debt

- Security Documents (eg. mortgage);
- Independent valuation of the secured portion of the debt (if not yet realised) or the basis of the creditor's estimated value of the security;
- Calculation of the deficiency on the security; and
- Details of income earned and expenses incurred by the secured creditor in respect of the secured asset since the date of appointment.

Loans (Bank and Personal)

- Executed loan agreement; and
- Loan statements showing payments made, interest accruing and the amount outstanding as at the date of appointment.

Tax Debts

- Documentation that shows the assessment of debts, whether it is an actual debt or an estimate, and separate amounts for the primary debt and any penalties.

Employee Debts

- Basis of calculation of the debt;
- Type of Claim (eg. wages, holiday pay, etc);
- Correspondence relating to the debt being claimed; and
- Contract of Employment (if any).

Leases

- Copy of the lease; and
- Statement showing amounts outstanding under the lease, differentiating between amounts outstanding at the date of the appointment and any future monies.

FORM 532
Corporations Act 2001

Regulation 5.6.29

Baralaba Coal Company Limited (Administrators Appointed)
ACN 112 682 158 (“the Company”)

APPOINTMENT OF PROXY

I/We (1) _____ of _____

a creditor/member of the Company appoint

(2) _____ or in his/her absence

(3) _____ as my/our general/special proxy to vote at the meeting of creditors to be held on 24 July 2017 at 12:00 PM or at any adjournment of that meeting.

Voting Directions (if a special proxy):

No.	Resolution*	For	Against	Abstain
1	To retain the existing Administrators			
2	To appoint a committee of creditors			

*Please only complete the above table if special proxy. Please indicate your vote by placing a tick in the relevant box.

DATED this _____ day of _____ 2017

(4) Signature _____

CERTIFICATE OF WITNESS - only complete if the person given the proxy is blind or incapable of writing.

I, _____ of _____
certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him before he attached his signature or mark to the instrument.

DATED this _____ day of _____ 2017

Signature of witness _____

Description _____

Place of residence _____

Notes:

- (1) If a firm strike out "I" and set out the full name of the firm.
- (2) Insert the name of the person appointed.
- (3) If a special proxy, specify your voting directions in the table by placing a tick in the relevant box.
- (4) If the creditor is a sole trader, sign in accordance with the following example: "A.B., proprietor".
If the creditor is a partnership, sign in accordance with the following example: "A.B., a partner of the said firm."
If the creditor is a company, then the form of proxy must be under its Common Seal or under the hand of some officer duly authorised in that capacity, and the fact that the officer is so authorised must be stated in accordance with the following example: "for the company, A.B." (duly authorised under the Seal of the Company).

Proxy forms should have been completed and returned by no later than 5:00 PM on 21 July 2017 to be eligible to vote at the meeting.

RETURN TO: Baralaba Coal Company Limited (Administrators Appointed)
Care of McGrathNicol
Address: GPO Box 9986, Brisbane QLD 4001
Phone: +61 7 3333 9800
Fax: +61 7 3333 9899

Email: baralabacoalcompany@mcgrathnicol.com



Proxy

Notes for your Guidance

- Insert full name and address of creditor, contributory or member on the top line.
- On the second line, insert the name of the person you appoint as your proxy. You may insert "the Chairperson of the meeting" if you wish.
- On the next line insert the organisation the proxy holder represents or works for (not required if the Chairperson is your proxy).
- You may appoint an alternate proxy on the fourth line who may act if your first appointed proxy cannot attend the meeting. You may insert "the Chairperson of the meeting" if you wish.
- If the proxy is a general proxy the form requires no addition.
- If the proxy is a special proxy the form must include instructions regarding the use of the proxy (i.e. details of the resolution and whether the proxy holder is to cast a vote in favour or against the resolution or abstain from voting).
- Date and sign the Proxy form using one of the following various forms of execution:
 - Sole Trader - Sign the proxy yourself.
 - Partnership - e.g. sign – "Smith & Associates
Per John Smith - Partner"
 - Company - (i) By a director or secretary, e.g. "J Smith – Director".
(ii) By a person duly authorised to sign on behalf of the company, e.g.
"Smith & Sons Pty Ltd. ACN: _____
Per: J Smith
A person duly authorised to sign on the company's behalf".

OR
"Smith & Sons Pty Ltd. ACN: _____
By its duly constituted attorney J Smith".

NB: If signing on behalf of a company the following example is not sufficient:

"Smith & Sons Pty Ltd. ACN: _____
Per: J Smith"
- "Certificate of Witness" is only to be used where the Proxy is being completed on behalf of a person who is blind or incapable of writing. In all other cases a witness to the signature of the person appointing the Proxy is not required and you may ignore the section headed "Certificate of Witness".



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Declaration of Independence, Relevant Relationships and Indemnities (“DIRRI”)

Baralaba Coal Company Limited (Administrators Appointed) ACN 112 682 158 (“the Company”)

The *Corporations Act 2001* and professional standards require the practitioners appointed to an insolvent entity to make a declaration as set out in this document as to:

- A. their independence generally;
- B. relationships, including:
 - a. the circumstances of the appointment;
 - b. any relationships with the company and others within the previous 24 months;
 - c. any prior professional services for the company within the previous 24 months;
 - d. that there are no other relationships to declare; and
- C. any indemnities given or up-front payments made to the practitioner.

The following declaration addresses these issues and is made on behalf of ourselves, our partners and the firm McGrathNicol, which for the purpose of this declaration includes the McGrathNicol Partnership, the McGrathNicol Advisory Partnership and McGrathNicol Services Pty Ltd.

A. Independence

We, William James Harris, Shaun Robert Fraser and Jason Preston of the firm McGrathNicol have undertaken a proper assessment of the risks to our independence prior to consenting to our appointment as Joint and Several Voluntary 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 7 July 2017, Mr Preston was contacted by the Company’s legal advisors, Minter Ellison, who advised that the directors of the Company were considering the appointment of Voluntary Administrators to the Company and requested McGrathNicol to undertake a review to determine whether a consent to act could be provided.

On 9 July 2017, Mr Preston advised Minter Ellison by email that the proposed appointees were free from conflict of interest and were in a position to act as voluntary administrators.

During the period 10 July 2017 to 11 July 2017 there were approximately two telephone conversations between Mr Harris and representatives of Minter Ellison. Additionally, during the same period there were approximately four emails between Mr Harris and representatives of Minter Ellison. The purpose of these conversations and emails was for Minter Ellison to provide updates on the directors’ deliberations and to provide some background information as to the financial position of the Company as well as the provision of a signed consent to act.

Mr Harris was contacted by a representative of Minter Ellison at approximately 9:30pm on 11 July 2017 to advise that the directors had resolved to appoint Messrs Harris, Preston and Fraser as voluntary administrators of the Company effective 12 July 2017 following the lodgement of a Supplementary Prospectus with the Australian Securities & Investments Commission.

The referral from Minter Ellison and limited scope communications with them regarding the Company does not result in a conflict of interest or duty or impede our independence in acting as voluntary administrators because:

- McGrathNicol undertakes engagements referred by Minter Ellison from time to time, but each professional engagement undertaken for Minter Ellison in relation to a particular entity or group of entities is conducted on an entirely separate basis, which has no bearing on this appointment.



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- These engagements are only commenced after full regard is given to potential conflicts of interest in relation to all interested stakeholders and the referrals are unconditional.
- McGrathNicol has not undertaken an engagement for Minter Ellison in respect of the Company (other than the limited scope communications referred to above).

We have provided no information or advice directly to the Company or their Directors prior to our appointment.

(ii) Relevant Relationships

Neither we nor our firm, have or have had within the preceding 24 months, any relationships with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any other relevant party, that should be disclosed.

(iii) Prior professional services to the Insolvent

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

(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 the whole of the Company's property that should be disclosed.

C. Indemnities and Up-front Payments

Other than any statutory indemnities that may be available to the Voluntary Administrators, neither we, nor the firm, have been provided with any indemnities or up-front payments with respect to this matter.

Dated: 17 July 2017

.....
William Harris

.....
Shaun Fraser

.....
Jason Preston



Schedule of Remuneration Methods and Hourly Rates

Initial Advice to Creditors

1 **Basis of remuneration**

1.1 ***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 asset realisations.
- **Contingency** - the practitioners' fee is structured to be contingent on a particular outcome being achieved.

1.2 ***Method Proposed***

We propose that our remuneration will be calculated on a time basis which will be recorded and charged in six minute increments. Details of the hourly rates for different levels of staff are included below. The complexity and demands of the administration will determine the staff to be utilised for this appointment.

We have chosen the time based method because this method is considered to be most suitable for this appointment as it ensures creditors are only charged for work that is performed in the external administration, which can be difficult to accurately estimate at the date of appointment.

2 **Explanation of Hourly Rates**

The rates for our remuneration calculation are set out in the table overleaf, 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	Guide to qualifications and role	Hourly rate (excl GST)
Appointee/Partner	Registered liquidator, Chartered Accountant or equivalent and generally degree qualified with more than twelve years of experience. Leads assignments with full accountability for strategy and execution.	\$610
Director 1	Generally, Chartered Accountant or comparable qualification and degree qualified with more than ten years of experience, including four years of Director or equivalent experience. Autonomously leads complex insolvency appointments reporting to Appointee/Partner.	\$560
Director	Generally, Chartered Accountant or comparable relevant qualification and degree qualified with more than nine years of experience. Autonomously leads insolvency appointments reporting to Appointee/Partner.	\$520
Senior Manager	Generally, Chartered Accountant or comparable relevant qualification and degree qualified with more than seven years of experience. Self-sufficiently conducts small to medium insolvency appointments and leads major workstreams in larger matters.	\$480
Manager	Generally, Chartered Accountant or comparable relevant qualification and degree qualified with more than five years of experience. Self-sufficiently conducts small insolvency appointments and takes a supervisory role on workstreams in larger matters.	\$450
Assistant Manager	Generally, Chartered Accountant or comparable relevant qualification and degree qualified with more than three years of experience. Autonomously manages workstream activity within appointments.	\$410
Senior Accountant	Generally, degree qualified and undertaking Chartered Accountant's qualification or comparable relevant qualification with more than 16 months of experience. Completes tasks within workstreams and appointments under supervision.	\$370
Accountant	Generally, degree qualified and undertaking or about to undertake Chartered Accountant's qualification or comparable relevant qualification with less than one year of experience. Assists with tasks within workstreams and appointments under supervision.	\$290
Undergraduate/ Cadet	Undertaking relevant degree. Assists with tasks within workstreams and appointments under supervision.	\$180
Administration	Appropriately experienced and undertakes support activities such as meeting coordination and preparation of materials where it is efficient and appropriate to do so.	\$160



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McGrathNicol reviews its hourly rates six monthly. The hourly rates quoted above remain in force until 31 December and McGrathNicol may increase fees for work continuing past that date.

Creditors will be advised of any change to the hourly rates for this administration.

3 Disbursements

There are three categories of disbursements which may be charged:

- **Externally provided professional services** – these are on-charged at cost. An example of an externally provided professional service disbursement is legal fees.
- **Externally provided non-professional costs** – such as travel, accommodation, external printing services and search fees – these are on-charged at cost.
- **Internal disbursements** – such as photocopying, printing and postage. These disbursements are generally charged at cost but may include, in the case of disbursements such as such as telephone calls, photocopying and printing, both direct variable and fixed costs. For example the rate per page for printing includes a reasonable and commercial allowance for paper, toner, depreciation, power and maintenance).

Creditor approval is not required for disbursements. However, details of the basis of recovering internal disbursements in this administration are provided below and full details of actual costs incurred and to be charged to the administration will be provided in future reports.

3.1 *Basis of Disbursement Claim*

Internal Disbursements	Rate (Excl GST)
Advertising	At cost
Courier	At cost
Printing- black and white	\$0.09 per page
Printing- Colour	\$0.28 per page
Postage	At Cost
Stationery and other incidental disbursements	At Cost
Staff per diem travel allowance*	\$89.00 per day
Staff vehicle use	\$0.63 per km
Telephony – mobile, fixed line and conference calls	At cost

* Payable when partners or staff are required for business purposes to stay away from their usual place of residence overnight.



ASIC

Australian Securities & Investments Commission

Insolvency information for directors, employees, creditors and shareholders

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

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

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

List of information sheets

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

Getting copies of the information sheets

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

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