



Remuneration Approval Report

Investmet Limited (In Liquidation)

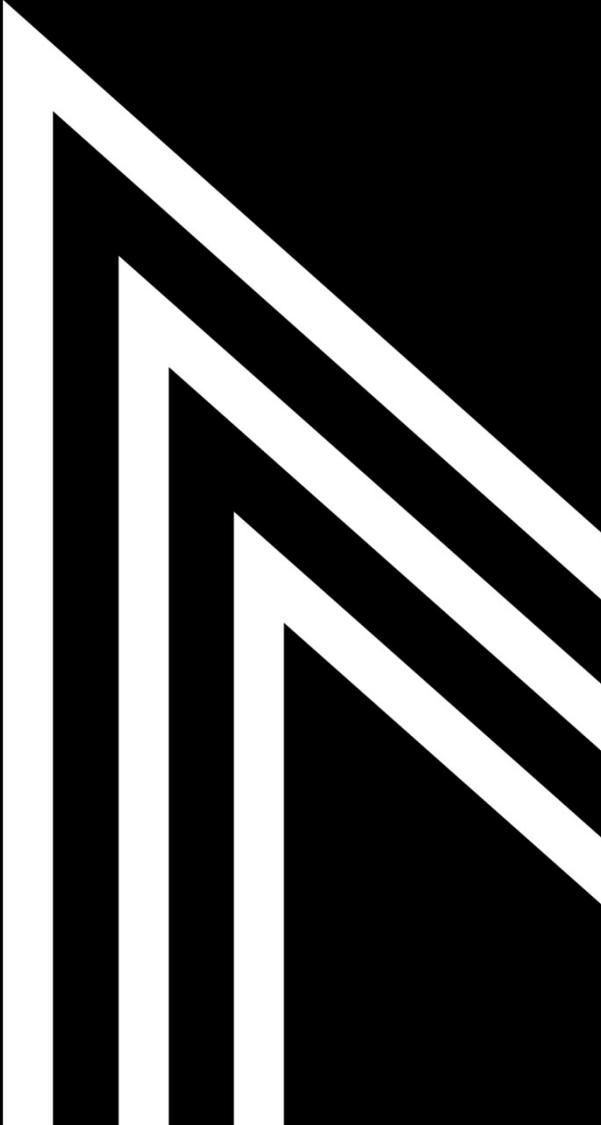
ACN 125 585 935

(Investmet)

28 February 2022



McGrathNicol



This remuneration approval report provides you with information to assist you to make an informed decision regarding the approval of our proposed remuneration for undertaking the liquidation of Investmet.

The report has the following information:

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1 Executive summary

Creditors have previously approved the Liquidators' remuneration for the period 19 February 2020 to 15 May 2020. No future remuneration approval was sought at that time as the future direction of the liquidation was unclear.

Accordingly, the Liquidators are now seeking approval of their remuneration for work already done for the period 16 May 2020 to 11 February 2022 together with estimated future remuneration, assuming the liquidation of Investmet continues.

The below table summarises the previous and requested remuneration approvals. Full particulars of the requested remuneration approvals are set out within this document and creditors will be requested to consider and, if thought fit, approve this remuneration at a meeting of creditors which has been convened for 15 March 2022.

	For	Period	Amount (ex GST)	Amount paid (ex GST)
Approved				
Liquidation	Work already done	19 February 2020 to 15 May 2020	\$186,866	\$130,000
Approvals sought				
Liquidation	Work already done	16 May 2020 to 11 February 2022	\$284,001	nil-
Liquidation	Future work	12 February 2022 to 31 December 2022	\$150,000	nil-
Total			\$620,867	\$130,000-

Our initial fee estimate assumed a straightforward liquidation which, as noted previously, had the potential to be impacted by the requirement to liaise with Delta in their capacity as both a secured creditor and DOCA proponent. As evident from the report to creditors accompanying this remuneration report, the liquidation has not been straight forward and we have been required to incur material time liaising with Delta regarding its security, DOCA proposal and realisation of assets. There has also been complexity realising the EGS dividend via agreement with the ATO, and negotiating the Redbank Copper settlement.

Accordingly, the cost of the liquidation will be higher than initially estimated. Assuming no DOCA proposal is progressed and a straight forward asset realisation process can continue, we estimate that the total cost of this Liquidation will be circa \$620,867 (from a range of \$175,000 to \$200,000 at the commencement of the liquidation). There are a number of factors which might materially alter this estimate, including:

- if a DOCA proposal is progressed and subsequent Court applications or meetings of creditors are required;
- any dispute arising with Delta regarding the realisation of the property subject to their security;
- the complexity of realising remaining loans or unlisted shares and options;
- the complexity of completing the Redback Copper settlement (i.e. receiving funds); and
- the complexity of pursuing any voidable transactions or insolvent trading claims, if applicable.

2 Declaration

We have undertaken an assessment of this remuneration claim in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is necessary and proper.

We have reviewed the work completed by the Liquidators and their staff to ensure that remuneration is only being claimed for necessary and proper work performed. Accordingly, we have written off items totalling \$3,887 relating to items which we assessed to be due to inefficiencies and rework that did not meet our strict interpretation of necessary and proper work.

3 Remuneration sought

The remuneration we are asking creditors to approve is as follows:

Resolution	Remuneration for	For	Period	Amount (ex GST)
Resolution 1	Liquidation	Work already done	16 May 2020 to 11 February 2022	\$284,001
Resolution 2	Liquidation	Future work	12 February 2022 to 31 December 2022	\$150,000
Total				\$434,001

Detailed particulars of the work already done and expected future work required to be undertaken is set out Schedule A. A detailed breakdown of time actually spent by the appointees and staff members on each major task for the period 16 May 2020 to 11 February 2022 is also attached at Schedule B.

The actual resolutions to be put to the meeting are set out below:

Resolution 1: Work already done for the period 16 May 2020 to 11 February 2022

"That the remuneration of the Liquidators for the period 16 May 2020 to 11 February 2022, calculated at hourly rates as detailed in the Initial Remuneration Notice dated 11 March 2020, is determined in the sum of \$284,001, exclusive of GST."

Resolution 2: Estimated Future work for the period 12 February 2022 to 31 December 2022

"That the future remuneration of the Liquidators from 12 February 2022 to 31 December 2022 is determined at a sum equal to the cost of time spent by the Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 11 March 2020, up to \$150,000, exclusive of GST."

All work undertaken, or expected to be undertaken, has been calculated in accordance with the rates provided in our Initial Remuneration Notice sent to creditors on 11 March 2020. Drawing of all remuneration is at the discretion of the Liquidators and is subject to approval by creditors, funds being available, and the work actually being undertaken.

4 Disbursements sought

As detailed in the Initial Remuneration Notice dated 11 March 2020, we are not required to seek creditor approval for costs paid to third parties, or where we are recovering a cost incurred on behalf of the liquidation, but we must provide details to creditors. Details of these amounts are provided at Schedule C.

We are required to obtain creditors' consent for the payment of a disbursement where we, or a related entity of ourselves, may directly, or indirectly, obtain a profit, however, there are no internal disbursements requiring creditors' approval at this time.

5 Previous remuneration approval

The following remuneration approval was approved by creditors in June 2020.

Remuneration For	For	Period	Amount approved (ex GST)	Amount paid (ex GST)
Liquidation	Work already done	19 February 2020 to 15 May 2020	\$186,668	\$130,000
Total			\$186,668	\$130,000

This remuneration approval has not been paid in full due to the delay in realising Investmet's assets, however, the balance remains payable and will be paid once sufficient assets realisations have been achieved.

6 Likely impact on dividends

It is both reasonable and appropriate for a professional service provider to be remunerated for their services. An external administrator is entitled to be remunerated for necessary work that is properly performed. That work generates the funds that may be recovered for the benefit of creditors and other stakeholders.

The remuneration approvals sought in this report are fully reflected in the Liquidators' estimated return to creditors, which is set out in the report to creditors accompanying this remuneration report. The impact of the approval of the external administrator's remuneration is that the remuneration will then be paid provided sufficient funds are generated to enable it to be paid. The remuneration will be paid from those funds that are generated prior to the payment of most creditors in the external administration.

It is noted that funds would only be available to any stakeholder as a consequence of the work necessarily undertaken by the external administrator. If a dividend or distribution is to be paid to stakeholders, there is also necessary work that must be undertaken by the external administrator to properly adjudicate on claims and distribute any available funds.

7 Summary of receipts and payments

A summary of the receipts and payments for the Liquidation for the period 19 February 2020 to 11 February 2022 is provided at Schedule C and an annual administration return was lodged with ASIC on 18 May 2021, which also provides information on the conduct of the administration.

8 Queries

If you have any queries regarding the information in this report, please contact Antoine Cleuet of my staff on (08) 6363 7635.

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

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for "INFO 85").

Further supporting documentation for our remuneration claim can be provided to creditors on request.

Dated: 28 February 2022



Rob Brauer
Liquidator

Attachments:

Schedule A – Details of work

Schedule B – Time spent by staff on each major task

Schedule C – Disbursements

Schedule D – Summary of receipts and payments

Schedule A – Details of work

		Work already done
Period		16 May 2020 to 11 February 2022
Amount (ex GST)		\$284,001
Task Area	General Description	Tasks
Assets 162.6 hours \$87,523	Share realisations	<ul style="list-style-type: none"> ▪ Prepare and submit detailed realisation plan to secured creditor for their consideration ▪ Liaise with secured creditor and seek consent in relation to realisation of Investmet's shares ▪ Appoint, instruct and liaise with broker as required ▪ Realise and reconcile share sales to bank statements ▪ Periodically update internal tracking spreadsheets in relation to share realisation
	Loan receivables and EGS dividend	<ul style="list-style-type: none"> ▪ Liaise with Redbank in relation to loan receivable ▪ Instruct solicitors in relation to realisation of loan receivable and EGS dividend ▪ Review and consider commercial settlement offer in relation to a related party loan and discuss with solicitors, where required ▪ Consider, review and estimate recoverability of EGS dividend ▪ Liaise with solicitors and Counsel in relation to same ▪ Correspond with the ATO and trustee in relation to EGS dividend ▪ Consider settlement offer from ATO and attend to settlement
Creditors 311.7 hours \$168,024	Deed of Company Arrangement Proposal (DOCA Proposal)	<ul style="list-style-type: none"> ▪ Review, consider and provide feedback to Delta in relation to multiple DOCA proposals submitted ▪ Liaise with solicitors regarding terms of potential DOCA Proposal and ongoing negotiations ▪ Attend multiple meetings with DOCA proponent and legal representatives ▪ Review and consider amended DOCA Proposal ▪ Issue correspondence to key stakeholders and seek feedback in relation to amended DOCA Proposal ▪ Liaise with solicitors in relation to potential implementation strategy of the DOCA Proposal and consider practicalities ▪ Calculate estimated return to creditors in liquidation and DOCA scenario
	Creditor Enquiries, Requests & Directions	<ul style="list-style-type: none"> ▪ Receive and respond to creditor enquiries ▪ Provide regular updates to key creditors in relation to the liquidation
	Secured creditor reporting	<ul style="list-style-type: none"> ▪ Respond to secured creditor's queries ▪ Liaise with and provide updates to secured creditor in relation to the DOCA Proposal
	Creditor reports	<ul style="list-style-type: none"> ▪ Prepare Report to Creditors ▪ Review work-in progress report and prepare accompanying Remuneration Report ahead of the meeting of creditors ▪ Upload Report to Creditors to the McGrathNicol website
	Deal with proofs of debt (POD)	<ul style="list-style-type: none"> ▪ Receive PODs from claimants ▪ Maintain POD register ▪ Review PODs and liaise with claimants in relation to supporting documentation ▪ Update insol6 for any POD's received
	Meeting of Creditors	<ul style="list-style-type: none"> ▪ Prepare and send meeting notices

		<ul style="list-style-type: none"> ▪ Advertise notice of meeting on ASIC PNW ▪ Upload notice of meeting to the McGrathNicol website ▪ Prepare and issue relevant proxy form ▪ Prepare meeting file ▪ Prepare Chairperson's notes head of the meeting of creditors ▪ Prepare online voting poll and create online voting surveys ▪ Respond to stakeholder queries and questions prior to the meeting of creditors
Investigation 35.2 hours \$19,864	Conduct investigations	<ul style="list-style-type: none"> ▪ Determine preliminary date of insolvency and quantum of potential claim ▪ Review of related party transactions ▪ Review specific transactions and liaise with solicitors regarding certain transactions
	ASIC reporting	<ul style="list-style-type: none"> ▪ Prepare and lodge confidential report to ASIC pursuant to section 533 of the Corporations Act ▪ Liaise with ASIC in relation to same
Administration 19.7 hours \$8,591	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ Conduct six monthly file reviews ▪ Maintain physical and electronic engagement file ▪ Update internal checklists
	Bank account administration	<ul style="list-style-type: none"> ▪ Perform monthly bank account reconciliations in insol6 ▪ Prepare and review payments in banking platform
	ASIC forms	<ul style="list-style-type: none"> ▪ Prepare and lodge ASIC forms ▪ Prepare and lodge Form 5602 Annual Administration Return ▪ Correspond with ASIC regarding statutory forms and Liquidators' Report
	ATO and other statutory reporting	<ul style="list-style-type: none"> ▪ Prepare quarterly BAS ▪ Periodically reconcile BAS account
	Planning/Review	<ul style="list-style-type: none"> ▪ Discuss status of external administration and key deliverables ▪ Prepare and review rolling task list
	Books and records/storage	<ul style="list-style-type: none"> ▪ Deal with records in storage ▪ Send job files to storage

		Future Work
Period		12 February 2022 to 31 December 2022
Amount (ex GST)		\$150,000
Task Area	General Description	Tasks
Assets 55 hours \$30,000	Share realisations	<ul style="list-style-type: none"> ▪ Instruct and liaise with broker as required ▪ Realise and reconcile share sales to bank statements ▪ Update internal tracking spreadsheets in relation to share realisation
	Loan receivables and EGS dividend	<ul style="list-style-type: none"> ▪ Liaise with Redbank in relation to loan receivable and attend to settlement ▪ Instruct solicitors in relation to realisation of loan receivable and EGS dividend ▪ Liaise with ATO and Trustee in relation to timing of settlement ▪ Liaise with solicitors and Counsel in relation to same
Creditors 65 hours \$35,000	Creditor Enquiries, Requests & Directions	<ul style="list-style-type: none"> ▪ Receive and respond to creditor enquiries
	Secured creditor reporting	<ul style="list-style-type: none"> ▪ Liaise with secured creditor on an ad-hoc basis ▪ Extinguish secured creditors debt and obtain security release
	Deal with proofs of debt (POD)	<ul style="list-style-type: none"> ▪ Receive and review PODs from claimants ▪ Maintain POD and proxy register for meeting of creditors ▪ Enter POD's into insol6
	Meeting of Creditors	<ul style="list-style-type: none"> ▪ Finalise meeting file ▪ Finalise Chairpersons' notes and prepare presentation for creditors ▪ Correspond with creditors prior to the meeting of creditors ▪ Review POD's and Proxies received prior to the meeting ▪ Test functionalities of online poll ▪ Prepare and lodge minutes of meeting with Australian Securities and Investments Commission (ASIC) ▪ Respond to stakeholder queries and questions following the meeting
Investigation 46 hours \$25,000	Conduct investigations and pursue claims	<ul style="list-style-type: none"> ▪ Finalise investigations including any insolvent trading claim ▪ If commercial, pursue insolvent trading claims ▪ Instruct and liaise with solicitors as required.
Dividend 65 hours \$35,000	Process proofs of debt	<ul style="list-style-type: none"> ▪ Prepare correspondence to potential creditors inviting lodgement of POD ▪ Receive, review and adjudicate PODs ▪ Enter PODs into insol6 ▪ Review supporting documentation in relation to the POD ▪ Maintain POD register ▪ Correspond with claimants regarding PODs ▪ Follow appeal process for any disputed PODs as necessary ▪ If required, issue any notice in relation to rejection of PODs
	Dividend procedures	<ul style="list-style-type: none"> ▪ Correspond with creditors regarding dividend ▪ Advertise intention to declare dividend on the ASIC PNW and issue written correspondence to creditors ▪ Obtain tax clearance from ATO ahead of paying a dividend to unsecured creditors ▪ Calculate increasing or decreasing adjustment regarding ATO's claim ▪ Calculate equalising dividend, where required ▪ Calculate and pay dividend and account for taxation requirements as necessary ▪ Issue correspondence to creditors notifying them of dividend payment

Administration 46 hours \$25,000	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ Conduct six monthly file reviews ▪ Maintain physical and electronic engagement file ▪ Update internal checklists
	Bank account administration	<ul style="list-style-type: none"> ▪ Reconcile receipts and payment ▪ Request bank statements ▪ Perform bank account reconciliations ▪ Correspond with bank regarding specific transfers
	ASIC forms	<ul style="list-style-type: none"> ▪ Prepare and lodge ASIC forms ▪ Correspond with ASIC regarding statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> ▪ Prepare quarterly BAS ▪ Reconcile BAS account
	Planning/Review	<ul style="list-style-type: none"> ▪ Discuss status of external administration and key deliverables ▪ Prepare and review rolling task list
	Books and records/storage	<ul style="list-style-type: none"> ▪ Deal with records in storage ▪ Send job files to storage

Schedule B – Time spent by staff on each major task (work already done)

Resolution 1: from 16 May 2020 to 11 February 2022

Remuneration for the period 16 May 2020 to 11 February 2022												
Employee	Position	Rate	Assets		Creditors		Investigations		Statutory & Admin		Total	
			Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)
Rob Brauer	Appointee	660	7.8	5,148	47.5	31,350	-	-	1.5	990	56.8	37,488
Rob Kirman	Appointee	660	-	-	0.6	396	-	-	0.5	330	1.1	726
Employee A	Practice Services Director	590	-	-	-	-	0.7	413	-	-	0.7	413
Employee B	Director	590	104.4	61,596	149.0	87,910	28.2	16,638	2.6	1,534	284.2	167,678
Employee C	Manager	470	31.6	14,852	56.3	26,461	5.4	2,538	2.0	940	95.3	44,791
Employee D	Assistant Manager	430	-	-	14.2	6,106	-	-	-	-	14.2	6,106
Employee E	Senior Accountant	390	4.6	1,794	26.8	10,452	-	-	8.7	3,393	40.1	15,639
Employee F	Accountant	305	9.6	2,928	13.3	4,057	0.9	275	0.2	61	24.0	7,320
Employee G	Treasury staff	335	2.5	838	3.7	1,240	-	-	3.8	1,273	10.0	3,350
Employee G	Administration	175	2.1	368	0.3	53	-	-	0.4	70	2.8	490
Total fees (excluding GST)			162.6	87,523	311.7	168,024	35.2	19,864	19.7	8,591	529.2	284,001
Average hourly rate				538		539		564		436		537

Schedule C – Disbursements

Costs paid to third parties

Costs paid to third parties are recovered at cost. Creditors are not required to approve these types of costs, but details are provided to account to creditors, including the basis of charging for these types of costs. Creditors are entitled to question the incurring of the costs and can challenge the costs in Court.

The following costs have been paid by McGrathNicol to third parties and relate to the Liquidation. These amounts will be reimbursed to McGrathNicol at cost from the Liquidation bank account:

Costs paid to third parties for the period 19 Feb-20 to 26 Nov-21	Amount (\$) (GST exclusive)
Mail redirection	\$881.82
Searches	\$779.12
Advertising of appointment in newspaper	\$195.45
Document storage costs	\$191.96
Taxis	\$36.32
Total	\$2,084.67

Future costs provided by McGrathNicol will be charged to the external administration on the following basis:

Cost type	Rate (GST exclusive)
Postage	At cost
Stationery and other incidental disbursements	At cost
Conference call phone charges	At cost
Searches	At cost
Advertising	At cost
Courier	At cost
Staff per diem travel allowance*	\$89.00 per day**
Staff vehicle use	\$0.72 per km**
ASIC user pays levy***	At cost

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

** These rates are deemed reasonable by the Australian Taxation Office.

*** This levy is charged by ASIC and is based on the number of notifiable events in a financial year directly related to this Liquidation. Notifiable events include notices published on ASIC's published notices website and some documents lodged with ASIC.



Further explanation of data hosting costs

In the conduct of this Liquidation, we may use McGrathNicol's Forensic Technology team to extract, aggregate, electronically process and/or host electronic data, which could be used for the:

- trade or sale of the business or assets; and/or
- investigations regarding transactions or potential recoveries available to creditors.

If data hosting is required and we choose not to use the services of McGrathNicol's Forensic Technology team, we will otherwise have to purchase those services from an alternative provider and/or use another method to achieve the same end, which will not be as efficient as using these available internal services.

We note that the data hosting rates above are no more than our standard commercial pricing available for the same services when they are provided to external parties.



Schedule D – Summary of receipts and payments

Investmet Limited Pty Ltd (In Liquidation) - Receipts and payments	
Category	\$ (inc GST)
Receipts	
Pre-appointment cash at bank	30,323
Share realisations	791,405
EGS Dividend	485,307
GST refunds	6,985
Interest	260
Total receipts	1,314,280
Payments	
ASIC charges	(115)
Bank charges	(124)
Appointee fees	(143,000)
Broker fees	(9,188)
Document storage costs	(97)
Legal fees	(136,828)
Mail redirection	(320)
Printing and stationery costs	(181)
Total payments	(289,853)
Cash at bank as at 11 February 2022	1,024,426