

CIRCULAR TO CREDITORS

18 May 2015

Dear Sir/Madam

PINNACLE DRILLING PTY LTD ACN 052 316 579
PINNACLE DRILLING UNDERGROUND PTY LTD ACN 129 163 837
ZIG ZAG INVESTMENTS PTY LTD ACN 002 053 321
(ALL ADMINISTRATORS APPOINTED)
(collectively referred to as “the Group”)

I refer to the first meeting of creditors of the Group held on 12 May 2015 and to my previous circular to creditors dated 4 May 2015.

Committee of Creditors

At the first meeting of creditors it was resolved that a Committee of Creditors be appointed to Pinnacle Drilling Pty Ltd. A Committee of Creditors was not formed for Pinnacle Drilling Underground Pty Ltd and Zig Zag Investments Pty Ltd.

The members of the Committee of Creditors of Pinnacle Drilling Pty Ltd and their contact details are:

Member Name	Entity Name	Contact Details
Bruce Soh	Australian Mud Company Pty Ltd	bruce.soh@imdexlimited.com
Warren Bartimote	Representing employees	warren.bartimnote@pinnacledrilling.com.au
Marko Zagrovic	Drillit Consulting Pty Ltd	marko.zagrovic@gmail.com

Sale of business and assets

As advised in my circular to creditors of 4 May 2015, I am continuing to trade the Group’s business in order to explore all options including a sale of the business as a going concern.

Immediately upon my appointment I commenced a fast track sale campaign which involved:

- a. Advertising the business for sale in the Australian Financial Review on 6 May 2015
- b. Providing interested parties with an information memorandum and seeking expressions of interest by 5.00pm Wednesday 13 May 2015, and
- c. Granting interested parties with access to the data-room to conduct further due diligence.

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As at the date of this correspondence I have received expressions of interest from seven (7) parties for the sale of the business and assets of the Group. Access to the data room has been granted to these parties with final binding offers expected to be received by 5.00pm Friday 22 May 2015. I will endeavour to keep creditors updated regarding the progress of the sale of business campaign.

Extension of convening period

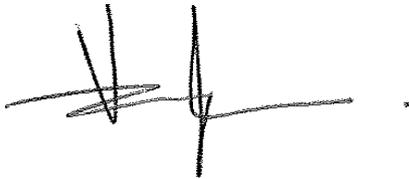
At the first meeting of creditors, I advised creditors that it was my intention to make an application to the Court to extend the convening period of the second meeting of creditors to allow sufficient time to explore all options regarding a sale of the business.

At the meeting, I asked creditors if they had any objections to such an application being made. No objections were forthcoming.

Accordingly, I will be making an application to the Court during the course of this week to extend the convening period of the second meeting of creditors. I will advise creditors of the outcome of the application after it has been heard.

Should you have any question please contact **Will Hanrahan** on (02) 9322 3397 or by email on whanrahan@deloitte.com.au.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Vaughan Strawbridge', with a horizontal line extending to the right.

Vaughan Strawbridge
Joint and Several Administrator