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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)
("the Companies")

First Creditors Meetings
Tuesday 12 May 2015 1.00PM AEST
Orange Function Centre



First Creditors' Meetings

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)

("the Companies")

Opening of the meeting by the Chairperson

Vaughan Strawbridge, Deloitte – Joint and Several Administrator

Introduction by Chairperson

Chairperson: Vaughan Strawbridge, Joint and Several Administrator

Neil Cussen – Deloitte, Joint and Several Administrator

Date of Appointment: 30 April 2015

Agenda

- Formalities
- Purpose & Process
- Appointments
- Actions since appointment
- Operations
- Financials
- Sale of business
- Questions
- Voting/resolutions
- Creditors' Committee Appointment
- Any other resolutions
- Questions and any other business
- Closure

Formalities

- Attendance Register and Observers
- Notice of Meeting
- Convenience for creditors
- Declaration of Quorum for each company
- Meetings to be held concurrently
- Independence of Administrators
- Proxies received
- Administrators' comment regarding employees

Purpose & Process

Voluntary Administrations are a flexible and cost effective form of administration with the stated aim to:

“maximise the chances of a business continuing in existence or at the very least, provide a better return to creditors” (Section 435A)

A Voluntary Administrator can only be appointed by

- The company
- A secured creditor
- A Liquidator of the company, or
- A Provisional Liquidator of the company

Purpose & Process

Section 438A - The primary function of an Administrator is to investigate the affairs of the company as soon as practicable, and form an opinion as to whether:

- The company enter into a Deed of Company Arrangement
- The administration end and control of the company be returned to the directors, or
- The administration end and the company be wound up

Purpose & Process

The process has four distinct phases:

- Administrators' appointment & First Meeting
- Investigation period
- Second (439A) Meeting of creditors
- Implementation of the agreed course of action

Purpose & Process

The Second (439A) Meeting:

The Administrators will have conducted an investigation into the affairs of the company

Creditors have the benefit of the Administrators' report and must resolve which of the three alternatives they wish the company to adopt

1. The company enter into a Deed of Company Arrangement
2. The administration end and control of the company be returned to the directors, or
3. The administration end and the company be wound up

Purpose & Process

The 439A (Second) Meeting is to be held within five business days from the end of the convening period (20 business days from the date of the Administrators appointment)

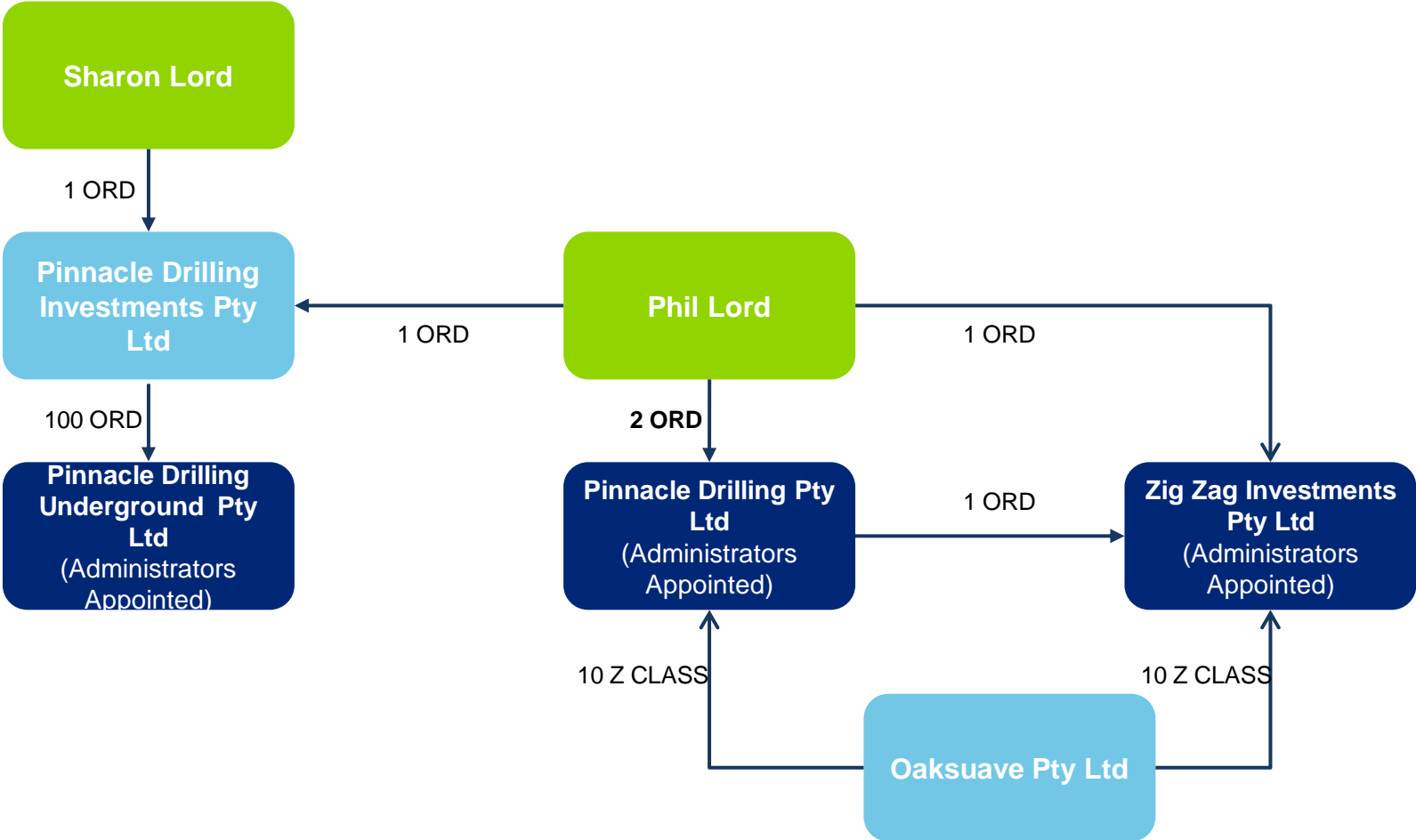
You will receive

- notice of meeting
- Administrators' report to creditors

Purpose of the meeting is to resolve one of the following:

- The company enter into a Deed of Company Arrangement
- The administration end and control of the company be returned to the directors, or
- The administration end and the company be wound up

Pinnacle Drilling Group Structure



- Administrators Appointed
- Directors
- Related entities

Actions since appointment

Statutory compliance

- ASIC filings
- Convening first meeting
- Notices to creditors and employees
- Statutory advertising

Employees

- Meetings with employees
- Calculation of employee entitlements
- Employee redundancies

Trading business

- Majority of time has been spent trading the business to conserve its value for sale

Sale of business

- Further information regarding a potential sale will be presented later in the meeting

Financial Analysis – Profit and Loss Statements

Summary Statement of Financial Performance for Pinnacle Drilling Pty Ltd and its Controlled Entity

	Management Accounts	Audited Financial Statements	
	For the Period 1 July 2014 - 28 February 2015	Year 2014	Year 2013
Revenue	16,807,416	20,519,190	33,355,002
Less: Cost of Goods Sold	(14,060,171)	(14,328,154)	(22,886,124)
Gross Profit from Trading	2,747,245	6,191,036	10,468,878
Other Income	411,898	292,485	511,554
Expenses	(7,580,719)	(14,493,535)	(15,206,072)
Net Profit Before Tax	(4,421,576)	(8,010,014)	(4,225,640)
Income Tax Expense	600,000	453,600	548,944
Net Profit After Tax	(3,821,576)	(7,556,414)	(3,676,696)
Add back: Depreciation and amortisation	3,820,597	5,686,172	6,758,759
Add back: Interest paid	84,190	157,294	79,080
Add back: Debtor finance	137,907	0	0
Add back: Equip finance charges	731,170	1,567,782	1,745,486
Add back: Income Tax Expense	(600,000)	(453,600)	(548,944)
Deduct: Interest received in other income	0	118,469	175,614
EBITDA	352,289	(717,235)	4,182,071

Note: Controlled Entity is Pinnacle Drilling Underground Pty Ltd

Financial Analysis – Balance Sheet

Summary Statement of Financial Position for Pinnacle Drilling Pty Ltd and its Controlled Entity

	Management Accounts	Audited Financial Statements	
	For the Period 1 July 2014 - 28 February 2015	Year 2014	Year 2013
Current Assets			
Cash and Cash Equivalents	-	-	99,849
Trade and Other Receivables	2,450,585	2,571,419	3,026,661
Other Assets	458,341	2,289,628	2,615,621
Inventories	427,633	492,552	961,221
Current Tax Assets	-	600,000	646,269
Total Current Assets	3,336,559	5,953,599	7,349,621
Non-Current Assets			
Other Assets	1,643,363	982,012	875,644
Plant and Equipment	16,806,887	20,574,295	30,015,651
Deferred Tax Assets	268,676	268,677	415,077
Total Non-Current Assets	18,718,926	21,824,984	31,306,372
Total Assets	22,055,485	27,778,583	38,655,993
Current Liabilities			
Overdrafts	1,546,044	1,170,770	-
Trade and Other Payables	7,011,378	4,026,286	2,411,550
Borrowings	667,135	10,871,463	8,404,204
Total Current Liabilities	9,224,557	16,068,519	10,815,754
Non-Current Liabilities			
Trade and Other Payables	189,806	3,309,125	3,312,543
Borrowings	15,267,316	6,605,455	14,724,014
Total Non-Current Liabilities	15,457,121	9,914,580	18,036,557
Total Liabilities	24,681,678	25,983,099	28,852,311
Net Assets	(2,626,193)	1,795,484	9,803,682

Employee summary

Employee head count

Employees	Total
Employees on Appointment - Full Time	124
Employees on Appointment - Part Time	2
Employees on Appointment - Casual	3
Redundancies	(9)
Resigned	(1)
Current Staff Count	119

Employee entitlements

Employee Entitlements	Amount (\$)
Unpaid Wages	26,383.24
Superannuation (excluding SGC)	362,505.01
Annual Leave	423,565.13
Long Service Leave	155,320.07
PILN	50,700.28
Redundancy	93,075.23
Total	1,111,548.97

Creditor Summary

Creditors	Estimated Total (\$'000)
Secured Bank Debt including Equipment Hire Purchase Finance	15,790
Debtor Factoring	213
Directors Loan	1,226
Insurance Premium Funding	280
Trade Creditors	2,299
ATO	2,684
Employee Entitlements	1,112
Total Creditors	23,605

Sale of Business

Administrators' attempts to achieve a going concern sale of the business:

- Fast track sale and marketing campaign commenced 30 April 2015 (Day 1)
- Advertisement for sale in the Australian Financial Review 6 May 2015
- Data-room setup and running
- Interested Parties who have signed the Confidentiality Agreement have been issued with an Information Memorandum
- Seeking expressions of interest by Wednesday 13 May 2014



**PINNACLE DRILLING PTY LIMITED
PINNACLE DRILLING UNDERGROUND PTY LIMITED
ZIG ZAG INVESTMENTS PTY LIMITED
(ALL ADMINISTRATORS APPOINTED) ('the Companies')**

The Administrators seek urgent expressions of interest for the sale of the business and assets of the Companies by Wednesday 13 May 2015.

- Established drilling operation with proven track record.
- Provides both surface and underground contract drilling services.
- Majority of drilling equipment purchased in 2011 and 2012.
- Head Office in Orange, NSW with 117 employees. Head Office Premises of 7,102 sq/mtrs also available for purchase.
- For further information refer to pinnacledrilling.com.au

All interested parties should contact Ben Singleton on (02) 9322 3787 or bsingleton@deloitte.com.au.

Vaughan Strawbridge

Joint & Several Administrator

Deloitte.

Sale of Business – Indicative Timetable

Event	Date
Expressions of Interest Due	Wednesday, 13 May 2015 at 5:00PM (AEST)
Due Diligence Period – Data Room open	Wednesday, 13 May 2015 to Friday, 22 May 2015 at 5:00PM (AEST)
Final Binding Offer	Friday, 22 May 2015 at 5:00PM (AEST)

Questions

- From the floor

Voting/Resolutions

Resolutions on a company-by-company basis

Motions to be resolved on the voices, unless a poll is demanded (Regulation 5.6.19, 5.6.20)

A poll could be demanded by:

- The Chairperson; or
- At least two persons entitled to vote; or
- A person representing not less than 10%

Creditors' Committee Appointment

Resolution – Committee of Creditors

Pinnacle Drilling Pty Ltd

“That a committee of creditors of Pinnacle Drilling Pty Ltd be formed in accordance with section 436E(1) of the Corporations Act 2001, comprising the following members...”

Note:

Ideally all groups of creditors should be represented on the Committee, including:

- Trade creditors
- Employees

Any other resolutions

- Administrators appointed 30 May 2014
- Creditors may remove Administrators and appoint someone else as Administrator (Section 436E(4) of the Act)
- Other nominations

Closure

- Any other business
- Meeting closed



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