

Our Ref: 3463-8364-8006 v.1

22 August 2017

The Secretary
Australian Securities and Investments Commission
PO Box 4000
GIPPSLAND MAIL CENTRE VIC 3841

Dear Sir/Madam

Linc Energy Limited
(In Liquidation) (the Company)
ACN 076 157 045

In accordance with Section 508(1)(b)(ii) of the Corporations Act 2001 (**Act**), below is a report dealing with issues per Section 508(3) of the Act.

1. The Liquidators' acts and dealings and conduct of the winding up

1.1 Realisation of assets

Sapex Limited

On 20 April 2017, the sale of the Company's 100% shareholding in Sapex Limited completed. Sapex Limited holds a number of Petroleum Exploration Licences in the Ackaringa basin in South Australia.

Mining Development Licence 361

On 31 March 2017, we entered into an agreement to sell Mining Development Licence 361, being the Pentland coal tenement in the Galilee Basin.

The agreement was subject to indicative approval for transfer being granted by the Queensland Department of Natural Resources and Mines which was provided on 12 July 2017. The sale subsequently completed on 18 August 2017.

Chinchilla Properties

On 16 March 2017, an auction was held to realise the five real properties owned by the Company. Two of the five properties, being Lillyvale and Ulinda Park were sold either at auction or shortly thereafter.

The three remaining properties, being Strathmerton Two, Rollo Park and Bull Oak were subject to ongoing sale processes following their unsuccessful sale at auction. Further offers have been received and we are currently liaising with the property valuer to determine whether the offers received are representative of market value.

Intellectual Property

On 31 May 2017, a sale of the Company's intellectual property rights relating to coal and shale reserve exploration and production, and underground coal gasification completed.

Loan owed by United Queensland Resources Limited (UQR)

On 5 May 2017, we entered into an agreement for assignment of the debt owed by UQR to the Company. The sale failed to complete at the end of June 2017, as stipulated under the sale agreement.

Following the breach of the sale agreement, we agreed to vary the terms, allowing the purchaser an extension to the completion date. Completion is set for 25 September 2017.

Residual assets

We are in the process of realising a number of residual assets which include:

- Debtors;
- Shares – Powerhouse Energy Plc;
- Plant and equipment; and
- Intellectual property rights.

The market value of these residual assets has been withheld due to their commercially sensitive nature.

1.2 Distribution to creditors

We are unable to determine whether a dividend will be paid to any class of creditor as it is subject to the outcome of ongoing legal proceedings.

1.3 Legal proceedings

Section 511 of the Corporations Act Application

We filed an application pursuant to section 511 of the *Corporations Act 2001* in the Supreme Court of Queensland on 23 September 2016 for directions on whether we were justified in:

- (a) not causing the Company to comply with the environmental protection order issued by Queensland Department of Environment and Heritage Protection on 13 May 2016; and
- (b) not causing the Company to comply with any future environmental protection orders issued by the Queensland Department of Environment and Heritage Protection.

The Court did not deal with point (b) outlined above, however, in respect to point (a), made orders on 13 April 2017 that we are not justified in causing the Company to not comply with the environmental protection order issued by the Queensland Department of Environment and Heritage Protection dated 13 May 2016.

We have filed an Appeal with the Court of Appeal in Queensland against the orders made by the Supreme Court of Queensland. The Appeal hearing is set for 20 September 2017.

In the interim, we have sought written confirmation from the Queensland Department of Environment and Heritage Protection (DEHP) that we are not obliged to comply with the Environmental Protection Order issued by the DEHP until the Appeal has been heard. Confirmation has not yet been received.

1.4 Application to the Singapore Stock Exchange (SGX) – ST for Reporting Waivers

We have made an application to the SGX-ST for an extension to submit the Resumption Proposal from the current deadline of 29 March 2017 to 29 March 2018. A request for additional information has now been (informally) received which we will provide in due course.

We have also made an application seeking a waiver of other reporting requirements, and await a response from the SGX-ST.

2. Receipts and Payments

We lodge a detailed account of our receipts and payments with the Australian Securities and Investments Commission (**ASIC**) every six months with a statement of position. These are available from the public database.

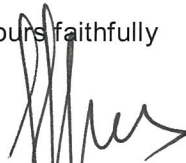
3. Expected acts and dealings to be carried out and time of completion

The actions we will undertake to finalise this matter include:

- Realisation of properties in Chinchilla;
- Completion of UQR sale of loan owed;
- Realisation of various residual assets;
- Finalise investigations;
- Await outcome of s511 application;
- Outcome of application to the SGX – ST for Reporting Waivers;
- Completion and lodgement of receipts and payments with ASIC;
- Completion and filing of the liquidation's Business Activity Statements;
- Review ongoing general correspondence received; and
- Compliance with other statutory requirements.

Having regard to the actions still to be undertaken, we anticipate that the liquidation will be finalised in 18 months.

Yours faithfully



Grant Sparks, Martin Ford and Stephen Longley
Liquidators

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