

*Receivers' First Report on the State of Affairs of*

***Tamarind Taranaki  
Limited (in Receivership  
and in Liquidation)***

*Pursuant to Section 23 of the Receiverships Act 1993*

*February 2020*

***Company Number: 1250682***

**pwc**



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Companies Office  
Private Bag 92061  
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19 February 2020

**Tamarind Taranaki Limited (in Receivership and in Liquidation) (TTL or the Company)**

Please find attached our report in relation to the Company pursuant to Section 23 of the Receiverships Act 1993 (the **Act**).

This report is subject to the restrictions set out at Appendix 1. In particular, all information contained in this report is provided in accordance with Sections 26 and 27 of the Act. In preparing this report we have relied upon and not independently verified or audited information or explanations provided to us.

In accordance with the requirements of section 23 of the Act, we report on:

- the Company's assets, comprising the property in receivership;
- the Company's debts and liabilities that are to be satisfied from the property in receivership;
- details of the creditors with interests in the property in receivership, including any specific security interests held by creditors over certain assets; and
- such other information that we consider to be of relevance to readers of this report.

Should you or any reader of this report have any queries, please contact us via the details set out opposite.

Yours faithfully

**Tamarind Taranaki Limited (in Receivership and in Liquidation)**

A handwritten signature in blue ink, appearing to read 'Malcolm Hollis'.

Malcolm Hollis  
Receiver

A handwritten signature in black ink, appearing to read 'John Fisk'.

John Fisk  
Receiver

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## ***Introduction and events leading to our appointment***

On 11 November 2019, Jason Kardachi and Mitchell Mansfield from Borrelli Walsh were appointed as Joint and Several Administrators of the Company (the **Administrators**) pursuant to a Directors' resolution under section 239I of the Companies Act 1993.

Under the terms of a security deed dated 3 July 2019, Malcolm Hollis and John Fisk (the **Receivers**), both Chartered Accountants Australia and New Zealand (**CA ANZ**) Accredited Insolvency Practitioners of PwC, were appointed Receivers of the Company, with the appointment taking effect at 9.17am on 19 December 2019.

The property in receivership comprises all of the assets, property and undertakings of the Company.

As at the date of receivership the Company was a 37.5% partner and the nominated Operator under a Joint Operating Agreement (**JOA**) governing operation of petroleum mining permit (the **Permit**). The other JOA partners are as follows:

- Tamarind New Zealand Pty Ltd (20%)
- Stewart Petroleum Co Ltd (27.5%)
- WM Petroleum Ltd (15%)

All of the JOA partners are wholly owned by Tamarind Resources Limited (**TRL**).

Operations under the JOA relate to an offshore oil field located approximately 50km off the coast of Taranaki (the **Tui Field**). The Tui Field consists of five production wells which were operated by the Company. As part of these operations, a floating production storage and offloading vessel (**FPSO**) owned by BW Offshore Singapore Pte Ltd (**BWO**), was in place, known as the FPSO Umuroa.

This report has been prepared by us in accordance with and for the purpose of Section 23 of the Receiverships Act 1993 (the **Act**). It is prepared for the sole purpose of reporting on the state of affairs with respect to the property in receivership and the conduct of the receivership.

This report is subject to the restrictions set out in Appendix 1. In particular, all information contained in this report is provided in accordance with Section 26 and 27 of the Act. Furthermore, in preparing this report we have relied upon and not independently verified nor audited information or explanations provided to us.

### **Subsequent appointment of Liquidators**

Shortly following appointment of the Receivers, during a Watershed Meeting held by the Administrators, creditors of the Company voted to appoint Jason Kardachi and Mitchell Mansfield from Borrelli Walsh as joint and several liquidators of the Company pursuant to section 241(2)(d) of the Companies Act 1993 (the **Liquidators**). The appointment of Liquidators took effect from 12.10pm on 19 December 2019, and resulted in the immediate termination of the Administration of the Company.

The Receivers formally requested agency from the Liquidators, which was granted. As a result the Company is now in Receivership and in Liquidation, with control of the Company's assets resting with the Receivers as agents of the Company.

For further information in relation to the liquidation of the Company, please refer to the Liquidators' first report of 6 January 2020.

***Work undertaken to date***

Upon appointment, the Receivers' immediate priority was to ensure adequate health and safety procedures and safeguards were in place and to secure the assets of the Company.

The Receivers visited the Company's offices on the day of appointment and held meetings with the Administrators (now Liquidators), the Company's directors and staff employed by related entities.

At the date of receivership, three Company employees remained, two of which were then made redundant by the Liquidators. The remaining employee was on leave at the date of appointment. Accordingly no current employees of the Company were present at the offices upon appointment.

Contact was also made with various regulatory authorities to advise of the appointment and commence discussions of the impact of the receivership on the Permit and operations at the Tui Field.

Prior to our appointment, production at the Tui Field had ceased, with inventory of crude oil from prior production being stored on the FPSO Umuroa. The crude oil is a secured asset of the Company.

Based on analysis and advice received, it was assessed by the Receivers as appropriate for an offtake of the crude oil currently stored on the FPSO Umuroa vessel to take place in order to realise this secured asset.

Following appointment the Receivers engaged with a number of key parties including suppliers, Government regulators and other key stakeholders in order to begin facilitating preparations for an offtake of the crude oil stored on the FPSO Umuroa.

An offtake of the crude oil was planned to take place during February 2020, however, due to technical complexities and other contributing factors this has been cancelled.

Production at the Tui Field has also not been recommenced based on analysis and advice received.

***Work undertaken to date (continued)*****Further activities undertaken by the Receivers**

Activities undertaken and in progress include the following:

- Assessment of the financial position of the Company and the ability to make arrangements with key suppliers;
- Correspondence with creditors and key stakeholders of the Company in relation to our appointment;
- Liaison with key suppliers in relation to ongoing services during the course of the Receivership;
- Engagement with various regulatory authorities to provide regular updates and progress matters in respect of the Permit;
- Assessment of insurance arrangements for current and prospective activities;
- Evaluation and reconciliation of employee unsecured preferential entitlements;
- Assessment and payment of preferential creditor claims;
- Assessment and development of realisation strategies with regard to Company assets;
- Attending to statutory, accounting and taxation matters;
- Collection and securing of Company records;
- Liaison with the Liquidators; and
- Attending to all other administrative requirements.

A number of these matters are still ongoing, as further detailed in this report.

The Receivers continue to liaise with the Liquidators of the Company in order to collect all information, records and supporting documentation in relation to activities during the Company's Administration and to provide assistance where required.

**Staffing**

Following a review of staffing arrangements and the planned activities required to realise the Company's assets, the Receivers retained one staff member, being the Company's Operations Manager, due to his knowledge and experience in this area. This is also to ensure that the receivership is completed as cost efficiently as possible.

In addition, related entities of the Company have provided ongoing assistance with both technical and administrative matters.

## Overview of creditors

The following table shows the particulars of recorded and/or claimed outstanding debts and liabilities of the Company at the date of appointment. Please note that a number of the amounts have been converted from US dollars.

Class of Creditor	Note	Description	Amount (NZD\$m)
First Ranking General Secured	1	Madison Pacific Trust Ltd	\$105.6m
Secured - PPSR		Stewart Petroleum Co Ltd W M Petroleum Ltd Tamarind New Zealand PTY Ltd	-
Secured - PMSI	2	Various	TBC
Unsecured - preferential		Employees	\$0.1m
Unsecured - non-preferential	3	Unsecured creditor claims	\$382.7m

### Notes

- This balance represents principal and accrued interest to the date of appointment in respect of the following facilities:*
  - Funds advanced in respect of the Tui Field JOA; and*
  - Amounts owing as guarantor of the facilities of related entities.*
- A detailed list of PPSR registrations is attached at Appendix 3.*
- All unsecured claims are being dealt with by the Liquidators of the Company, Borelli Walsh. As claims continue to be received directly by the Liquidators, please refer to the Liquidators for updates in relation to the current balance of unsecured creditor claims.*

### Creditors with a general security interest

Madison Pacific Trust Limited has a registered security interest over the Company in respect of a security deed dated 3 July 2019. Madison Pacific Trust is the security trustee for OCP Asia (Singapore) Pte Limited (**OCP**). No distributions have been made to date in respect of the secured debt.

### Creditors with registrations on the PPSR

We note that the three other JOA partners have a registered security interest against the Company, and the Company has corresponding securities registered against each of the partners.

We understand these securities were put in place in respect of various obligations under the JOA. No claims have been received in relation to these security interest to date.

The Receivers have been in communication with other creditors who have registered security and are reviewing the information provided and addressing associated claims as appropriate.

### Unsecured preferential creditors

At the date of our appointment there were seven employees with unsecured preferential claims relating to unpaid holiday pay and redundancy, totalling c.\$134k. All of these unsecured preferential claims have been assessed by the Receivers.

To date, a first tranche distribution totalling \$92k has been made in relation to these claims, with a further full and final distribution to be made in the coming month.

### Unsecured non-preferential creditors

The Receivers are aware of 72 unsecured claims filled against the Company in relation to a value of c.\$382.7m of outstanding unsecured debt.

We are also aware of non-preferential unsecured employee entitlements relating to amounts in excess of the statutory preferential entitlement cap, and in relation to payments in lieu of notice.

All unsecured claims against the Company will be managed by the Liquidators. If you have not submitted your unsecured claim already, please do so at your earliest convenience.

***Particulars of assets and proposals for disposal of receivership property***

The Receivers' role is to maximise recoveries in an efficient manner, address statutory requirements and, once secured and preferential obligations have been met, transfer any surplus available for unsecured creditors to the Liquidators.

We have omitted certain details concerning the realisation of receivership assets as we believe that their inclusion would materially prejudice the exercise of our functions and, in particular, our duty to obtain the best price reasonably obtainable in respect of the Company's assets. Therefore, for commercial reasons, valuations and other specific information have not been disclosed within this report.

**Crude oil extracted prior to appointment**

Prior to appointment of Receivers, all operations of the Company at the Tui Field had ceased. However, a volume of crude oil from previous extractions remained stored on the FPSO Umuroa. This crude oil is a secured asset of the Company. As detailed previously in this report, the Receivers have engaged with the relevant parties in order to realise this asset in the most efficient manner possible.

**Petroleum mining permit**

As detailed previously in this report, the Company is a partner under a JOA with regard to the Permit in respect of the Tui Field.

The Receivers are in the process of assessing financial modelling and additional information regarding the Permit and associated subsea assets in order to establish any potential realisable value.

**Other assets of the Company**

Upon our appointment the Company had a number of inventory items and spare parts including chrome tubing, casings, liners, and other miscellaneous items.

The Receivers have sought expressions of interest from a number of parties and have received offers in relation to these assets. We are currently assessing the offers received and other information available in relation to these assets.

**Tax rebates and other assets**

The Receivers have been made aware of a potential taxation rebate that may be due to the Company. We are currently collecting further information in relation to the status of the rebate, and the potential realisable value that it may have for the Company.

Investigations into other areas of potential realisation are ongoing at the date of this report.



**Other matters****Amounts likely to be available for payment to creditors other than those with statutory preferential claims**

It is too early to confirm the extent of potential recoveries from the receivership, however the Company's accounts and our initial assessments indicate there is likely to be a shortfall to creditors. We will refine our estimate of the likely shortfall in our next report.

**Information provided by the Company**

The directors, management and staff of the Company have co-operated in making available the information required by the Receivers to complete this report.

**Communication**

We recognise that this is an extremely difficult situation for the many people and businesses impacted and would like to thank all parties for their ongoing patience and support as we work through the complexities of the receivership.

Our next statutory report under Section 24 of the Act, covering the period from 19 December 2019 to 19 June 2020, will be issued in August 2020.

Material updates will be communicated either in writing to relevant parties or via our webpage. In the interim, should creditors or other stakeholders have any queries arising from this report, please contact us as follows:

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Please address your enquiries to the attention of Greer Mullin.

# *Appendices*

## ***Appendix 1 - Restrictions***

<b>Area</b>	<b>Detail</b>
<b>Statutory</b>	All information contained in this report is provided in accordance with Sections 26 and 27 of the Receiverships Act 1993.
<b>Basis of reporting</b>	The statements and opinions expressed herein have been made in good faith, and on the basis that all information relied upon is true and accurate in all material respects, and not misleading by reason of omission or otherwise.
<b>Information available</b>	<p>We have not independently verified the accuracy of information provided to us, and have not conducted any form of audit in respect of the Company. Accordingly, we express no opinion on the reliability, accuracy, or completeness of the information provided to us and upon which we have relied. Whilst all care and attention has been taken in compiling this report, we do not accept any liability whatsoever arising from this report.</p> <p>The statements and opinions expressed in this report are based on information available as at the date of the report.</p> <p>We reserve the right, but will be under no obligation, to review or amend our Report, if any additional information, which was in existence on the date of this Report was not brought to our attention, or subsequently comes to light.</p>
<b>Prospective Financial Information</b>	We have relied on forecasts and assumptions prepared by the Company about future events which, by their nature, are not able to be independently verified. Inevitably, some assumptions may not materialise and unanticipated events and circumstances are likely to occur. Therefore, actual results in the future will vary from the forecasts upon which we have relied. These variations may be material.
<b>Other</b>	<p>Certain numbers in table throughout this report have been rounded and therefore may not add up exactly.</p> <p>Unless where otherwise stated all amounts are in New Zealand dollars.</p>

## Appendix 2 - Glossary

<b>Term</b>	<b>Description</b>	<b>Term</b>	<b>Description</b>
<b>Act</b>	The Receiverships Act 1993	<b>NZD</b>	New Zealand Dollars
<b>the Administrators</b>	Jason Kardachi and Mitchell Mansfield of Borrelli Walsh	<b>OCP</b>	OCP Asia (Singapore) Pte Limited
<b>BWO</b>	BW Offshore Singapore Pte. Ltd	<b>PPSR</b>	Personal Property Securities Register
<b>Company</b>	Tamarind Taranaki Limited (In Receivership and In Liquidation)	<b>the Receivers</b>	John Fisk and Malcolm Hollis of PwC, appointed 19 December 2019
<b>FPSO</b>	Floating Production Storage and Offloading vessel	<b>Tui Field</b>	The oil and gas production sight for which the Company is the Permit holder under the JOA
<b>JOA</b>	Joint Operating Agreement between the Company, Stewart Petroleum Co Ltd, Tamarind New Zealand Pty Ltd and W M Petroleum Ltd	<b>TRL</b>	Tamarind Resources Limited, a related entity
<b>k</b>	Thousands	<b>FPSO Umuroa</b>	FPSO vessel owned by BWO
<b>the Liquidators</b>	Jason Kardachi and Mitchell Mansfield of Borrelli Walsh	<b>USD</b>	United States Dollars
<b>m</b>	Millions	<b>Watershed Meeting</b>	The meeting of creditors held by the Company's Administrators on 19 December 2019
<b>NZ</b>	New Zealand		

## ***Appendix 3 - PPSR Registrations at the date of Receivership***

<b>Name of Creditor</b>	<b>PPSR Registration Date:</b>	<b>Nature</b>
Stewart Petroleum Co Limited	5 August 2011	All Present and After Acquired Personal Property Intangibles
W M Petroleum Limited	5 August 2011	All Present and After Acquired Personal Property Intangibles
Tamarind New Zealand PTY Limited	5 August 2011	All Present and After Acquired Personal Property Intangibles
Team Document Limited	25 June 2018	Goods - Other
Steel and Tube Holdings Limited	28 June 2018	Goods - Other
Madison Pacific Trust Limited	27 June 2019	All Present and After Acquired Personal Property
Kinetic Well Services Limited	25 October 2019	Goods - Other



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