

The Insolvency Act 1986

Administrator's progress report

Name of Company Tesla Exploration International Limited (In Administration)	Company number 03195445
In the High Court of Justice, Birmingham District Registry, Chancery Division [full name of court]	Court case number 8326 of 2016

(a) Insert full name(s)
and address(es) of
administrator(s)I / We (a) Sam Woodward and Tom LukicErnst & Young LLP, 100 Barbirolli Square, Manchester, M2 3EY and No. 1 Colmore Square,
Birmingham, B4 6HQ

administrator(s) of the above company attach a progress report for the period

from

to

(b) Insert date

(b) 21 September 2016

(b) 20 March 2017

Signed

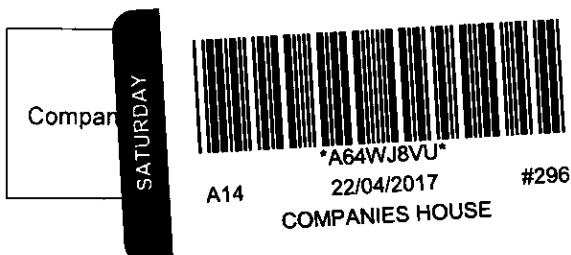
Joint / Administrator(s)

Dated

18.04.17**Contact Details:**

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record

David Harrison	
Ernst & Young LLP, No. 1 Colmore Square, Birmingham, B4 6HQ	
	Tel: 0121 535 2067
DX Number:	DX Exchange:



When you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff



Ernst & Young LLP
No.1 Colmore Square
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B4 6HQ

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TO ALL KNOWN CREDITORS

18 April 2017

Ref: TEIL/SW/DH/DCH/23
Direct line: 0121 535 2067
Direct Fax: 0121 535 2448
David Harrison

Dear Sirs

Tesla Exploration International Limited (In Administration) ("the Company")

High Court of Justice, Number 8326 of 2016

Registered office address: c/o Ernst & Young LLP, No. 1 Colmore Square, Birmingham, B4 6HQ

Registered number: 03195445

I write, in accordance with Rule 2.47 of the Insolvency Rules 1986, to provide creditors with a report on the progress of the administration. This report covers the period from 21 September 2016 to 20 March 2017 and should be read in conjunction with the Joint Administrators' Proposals ("the Proposals") dated 8 November 2016.

The Company entered administration on 21 September 2016 and T Lukic and S Woodward of Ernst & Young LLP No.1 Colmore Square, Birmingham, B4 6HQ and 100 Barbirolli Square, Manchester, M2 3EY were appointed to act as Administrators. The appointment was made by the Company's Directors under the provisions of paragraph 22(2) of Schedule B1 to the Insolvency Act 1986. Under the terms of the appointment, any act required or authorised to be done by the Joint Administrators can be done by either of them.

Changes in Insolvency Practitioners

T Lukic intends to resign as a Joint Administrator of the Company as he has left Ernst & Young LLP. It is intended that C Dempster of Ernst & Young LLP, 10 George Street, Edinburgh, EH2 2DZ will be appointed as replacement Joint Administrator of the Company.

The removal of T Lukic and appointment of replacement office holders are to be addressed through an application to court as part of a wider bulk transfer order. We will provide further details and confirm the position in our next progress report to creditors.

We outlined in our Proposals that if funds become available for unsecured non-preferential creditors other than via the prescribed part, it may be necessary for the company to move to creditors' voluntary liquidation or for a company voluntary arrangement to be proposed. In light of T Lukic's intension to resign it is proposed that the Joint Liquidators will be Samuel James Woodward and Colin Dempster of Ernst & Young LLP and that any act required or authorised under any enactment to be done by the Liquidators may be done by either or both of them.

Summary of Progress

Asset realisations

Cash and cash equivalents

The Company had petty cash on appointment in 24 different currencies. Not all currencies are accepted for exchange by the major UK banks so realisations in this regard have amounted to £3,046.

No further realisations are anticipated in this regard.

Accounts Receivable (excluding contingent assets)

In our Proposals we outlined that intercompany receivables are irrecoverable due to the insolvency of the Canadian parent company. There is no prospect for the Company to receive a dividend as an unsecured creditor.

We have collected £27,709 in relation to accounts receivable which were due to the Company as at the date of our appointment.

The Company has two remaining uncollected debts of c. £1.5m and c. £1.6m respectively. The c. £1.5m balance is considered uncollectable due to the debtor entering liquidation. There is no prospect for the Company to receive a dividend as an unsecured creditor. We have been in regular contact with the debtor in relation to the c. £1.6m outstanding balance. It appears that this company is insolvent and have unsuccessfully attempted to raise funding. We will continue to make reasonable and proportionate efforts to collect this outstanding balance.

Property, Plant and Equipment

The property, plant and equipment of the Company which has been realised primarily consists of plant and machinery located in the following jurisdictions:

- UK
- Dubai
- Ethiopia
- Uganda

To assist with the sale of the assets an agent (Liquidity Services) was engaged to provide independent valuations of the assets of the Company split by jurisdiction.

UK and Dubai assets

The UK and Dubai assets of the Company were sold on 30 September 2016 for £200,000 and £95,000 respectively. No further realisations are anticipated in this regard.

Uganda assets

The Ugandan assets of the Company were sold on 6 December for £50,000. The assets were sold in situ, with the purchaser agreeing to settle substantial ransom creditor claims in order to allow for the removal of assets. No further realisations are expected in this regard.

Ethiopia assets

We have entered into an agreement with a potential purchaser who are acting as an agent of the Company to export the assets from Ethiopia. Upon successful exportation the conditions for the demobilisation fee (see 'Contingent assets' section below) to become payable will have been met and £5k of funds will be released from the purchaser to the Company to complete the sale. The potential purchaser has settled substantial ransom creditor claims estimated at c. \$312k (c. £258k) in relation to these assets to 'unlock' them for export.

Contingent assets

Costs lodged at court

The Company had c. £149k lodged at court in relation to a legal action against a debtor. Judgement was found in the Company's favour so the Court Funds Office refunded this sum to the Company. The judgement debt of c. \$6.8m (c. £5.6m) cannot be recovered due to the liquidation of the debtor and there is no prospect for the Company to receive a dividend as an unsecured creditor.

Demobilisation fee

A demobilisation fee of c. \$800k (c. £656k) is due to the Company on export of the Ethiopian plant and machinery, or on transfer of the assets off the Profit Sharing Agreement ("PSA") they are currently attached to.

The cost of exporting the equipment cannot be met in the Administration so a sale of the equipment, with the purchaser exporting the assets as an agent of the Company represents the best opportunity for the demobilisation fee to be realised.

As outlined above we have entered into an agreement with a purchaser who is acting as an agent of the Company to export the assets. It is currently expected that the export will be completed by the end of April / early May.

If a successful demobilisation does occur, there remain further predominantly administrative challenges to realising the demobilisation fee, however we have been in contact with the original contractor who has confirmed their intention to pay the demobilisation fee once the assets have been exported from Ethiopia.

Other income

Other income relates to rent recharged to the purchaser of the UK assets (£4,718) as well as refunds on prepayments (£1,676) and tax (£132). VAT payable of £944 relates to VAT on the above rent recharge.

Cost of realisations

Wind down costs

During the administration £10,494 has been paid in relation to direct labour for staff retained from the date of our appointment until 30 September 2016, including associated tax, expenses, holiday pay and pension contributions.

Trading costs relating to electricity (£399), gas (£95), telephone (£99), water rates (£350) and rent (£4,969) have been paid. The rent has been partially recharged to the purchaser of the UK assets as outlined above.

Agent fees of £9,283 have been paid in relation to the independent valuation of plant and machinery (£5,000), charges for storage of Company books and records (£2,216) and insurance broker fees (£2,067). These are summarised in the table below. We expect further costs to be incurred in relation to ongoing storage.

Type of expense	Type of expense	Basis of payment	Incurred (£)	Paid (£)	Outstanding (£)
Geldards LLP	Legal fees	Time cost basis	12,584	12,584	-
DLA Piper UK LLP	Legal fees	Time cost basis	18,700	18,700	-
GoIndustry (UK) Limited ("Liquidity Services")	Agents fees	Fixed fee	5,000	5,000	-
L&R Storage Limited	Agents fees	Per box stored	2,216	2,216	-
Marsh Limited	Agents fees	Fixed fee	2,067	2,067	-
Total			40,567	40,567	-

Other expenses totalling £1,112 comprise stationary, print and postage, bank charges and interest and statutory advertising costs.

VAT receivable of £30,384 relates to VAT on the above purchases and on the Administrators' remuneration.

Joint Administrators' Remuneration and Expenses

The statutory provisions relating to remuneration are set out in Rule 2.106 of the Insolvency Rules 1986. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the web site of the Insolvency Practitioners Association at <http://www.insolvency-practitioners.org.uk> (follow 'Regulation and Guidance' then 'Creditors' Guides to Fees' then 'Administrators Fees (October 2015)'), or is available in hard copy upon written request to the Joint Administrators.

The Administrators' remuneration was fixed on a time-cost basis by a resolution of the creditors passed on 8 February 2017 by the secured creditor and the preferential creditors.

During the period covered by this report, the Administrators have incurred time costs of £276,688. Of this sum, £140,000 has been billed and paid. The administrators' remuneration is not expected to exceed the amount provided for in the fee estimate.

An analysis of the time spent is attached as Appendix 2 to this report. At Appendix 3 there is a statement of the Administrators' policy in relation to charging time and disbursements.

During the period covered by this report, the Administrators have incurred expenses totalling £5,630 plus VAT. The expenses can be summarised as follows:

Type of expense	Incurred (£)	Paid (£)	Outstanding (£)
Category 1 disbursements	4,784	4,784	-
Category 2 disbursements	846	846	-
Total	5,630	5,630	-

There is an analysis of Category 2 disbursements (i.e. those disbursements paid to the Joint Administrators' firm) at Appendix 2.

In certain circumstances, creditors are entitled to request further information regarding the Administrators' remuneration or expenses, or to apply to court on the grounds that the costs are considered to be excessive. (Rules 2.48A and 2.109 of the Insolvency Rules 1986). Further information is provided in Appendix 4.

Receipts and Payments Account

A receipts and payments account for the period from 21 September 2016 to 20 March 2017 is attached at Appendix 1. This is presented on a cash basis and does not reflect estimated future realisations or costs. No funding is being provided by third parties.

Pre-administration costs

The Administrators' proposals dated 8 November 2016 included a statement of pre-administration costs, which included £19,556.50 plus VAT which was outstanding at the date on which the company entered administration. On 8 February 2017, payment of the unpaid costs was approved by the secured creditor and the preferential creditors. These amounts have been drawn.

Investigations

The Joint Administrators have submitted their confidential reports on the conduct of all persons who have been directors, shadow directors or defacto directors of the Company during the three year period preceding the Administration appointment, to the Insolvency Service, in accordance with the provisions of the Company Directors Disqualifications Act 1986. No investigations or actions have been requested by creditors.

Secured Creditor

HSBC Bank PLC had a total indebtedness estimated at c. £1.4m in the Directors' Statement of Affairs as at 21 September 2016 which is secured against the assets of the Company. In the period covered by this report no distributions have been made by the Company in this regard.

Preferential Creditors

Preferential creditor claims have not been agreed to date. We currently estimate c. £58,000 for the claims of preferential creditors. In the period covered by this report no distributions have been made by the Company in this regard.

The Prescribed Part

The prescribed part is a proportion of floating charge asset set aside for the non-preferential creditors pursuant to section 176A of the Insolvency Act 1986. The Prescribed Part applies to floating charges created on or after 15 September 2003. The charge in respect of the Company is dated 31 October 2007 and as such the provisions of the Prescribed Part will apply.

We currently estimate that the value of the prescribed part will be between £29k and £115k, depending upon whether the demobilisation fee is received. This is stated before costs of dealing with the prescribed part.

Unsecured non-preferential Creditors

We do not currently estimate that there will be sufficient funds to enable a distribution to the respective non-preferential creditors other than by virtue of the Prescribed Part.

I will report to you again at the conclusion of the Administration or in six months' time, whichever is the sooner.

Yours faithfully
for the Company



S Woodward
Joint Administrator

Enc: Joint Administrators' Receipts and Payments Account
Summary of Joint Administrators' Time-Costs and Category 2 Disbursements
Joint Administrators' Policy on Fees and Disbursements
Form 2.24B

T Lukic and S Woodward are licensed in the United Kingdom to act as insolvency practitioners by The Institute of Chartered Accountants in England and Wales.

The affairs, business and property of the Company are being managed by the Joint Administrators, T Lukic and S Woodward, who act as agents of the Company only and without personal liability.

We may collect, use, transfer, store or otherwise process (collectively, "Process") information that can be linked to specific individuals ("Personal Data"). We may Process Personal Data in various jurisdictions in accordance with applicable law and professional regulations including (without limitation) the Data Protection Act 1998.



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Appendix 1

Tesla Exploration International Limited (In Administration) ("the Company")

Joint Administrators' Abstract of Receipts and Payments from 21 September 2016 to 20 March 2017

	Realisable value as per Statement of Affairs	Fixed charge	Floating charge	Total
		21 September 2016 to 20 March 2017	21 September 2016 to 20 March 2017	21 September 2016 to 20 March 2017
	£	£	£	£
Receipts				
Cash and cash equivalents	-	-	3,046	3,046
Accounts Receivable	429,304	-	27,709	27,709
Property, Plant and Equipment	500,000	-	345,000	345,000
Contingent assets	-	-	148,827	148,827
Other income	-	-	6,526	6,526
VAT Payable	-	-	944	944
	<u>929,304</u>	<u>-</u>	<u>532,052</u>	<u>532,052</u>
Payments				
Direct Labour	-	-	(10,494)	(10,494)
Trading	-	-	(5,915)	(5,915)
Agents Fees	-	-	(9,283)	(9,283)
Other Expenses	-	-	(1,112)	(1,112)
VAT Receivable	-	-	(30,384)	(30,384)
Joint Administrators Fees	-	-	(145,630)	(145,630)
Legal Fees	-	-	(31,284)	(31,284)
		<u>-</u>	<u>(234,103)</u>	<u>(234,103)</u>
Balance in hand			<u>297,949</u>	<u>297,949</u>

Notes

1. Receipts and payments are stated net of VAT.
2. Management included costs lodged at court of £149k within Accounts Receivable. We have presented this in the 'Contingent assets' row.
3. Funds held are across two bank accounts. One of these accounts is interest-bearing.

Tesla Exploration International Limited (In Administration) ("the Company")

**Summary of Joint Administrators' Time-Costs and Category 2 Disbursements from
21 September 2016 to 20 March 2017**

Classification of work function	Hours				Total hours	Total time costs (£)	Total average (£)
	Partner / Director	Manager	Other Senior Professionals	Assistants & Support			
Accounting & Administration	6.0	8.7	145.7	7.7	168.1	39,422.00	234.52
Bank & Statutory Reporting	16.5	0.0	54.3	0.0	70.8	18,841.50	266.12
Creditors	25.4	1.0	159.5	6.9	192.8	47,720.00	247.51
Debtors	0.5	1.0	13.8	0.0	15.3	3,656.50	238.99
Employee Matters	10.3	32.5	99.3	2.4	144.5	36,565.50	253.05
Immediate Tasks	1.3	15.0	37.2	0.0	53.5	13,406.50	250.59
Investigation & CDDA	1.7	0.0	27.3	0.0	29.0	6,933.50	239.09
Job Acceptance & Strategy	9.6	0.0	2.0	0.0	11.6	4,156.00	358.28
Legal Issues	0.0	0.0	5.6	0.0	5.6	1,288.00	230.00
Other Assets	35.4	11.0	33.2	0.0	79.6	24,455.00	307.22
Other Matters	0.0	0.2	8.2	0.0	8.4	1,944.00	231.43
Pre-Appointment	8.9	12.0	55.0	0.0	75.9	19,556.50	257.66
Property	0.0	0.5	25.6	0.0	26.1	6,033.00	231.15
Retention of Title	0.0	0.0	7.0	0.0	7.0	1,610.00	230.00
Sale of Business	0.0	0.0	74.3	0.0	74.3	17,089.00	230.00
Statutory Duties	6.1	0.0	69.1	0.0	75.2	18,241.50	242.57
Trading	3.5	0.0	23.8	0.0	27.3	6,821.50	249.87
VAT & Taxation	6.0	1.0	27.6	0.0	34.6	8,948.00	258.61
Total	131.2	82.9	868.5	17.0	1,099.6	276,688.00	251.63
Total costs incurred (£)	50,512.00	24,041.00	199,755.00	2,380.00			
Total average hourly rate (£)	385.00	290.00	230.00	140.00			

Note: Time is recorded in units of six minutes.

Category 2 Disbursements

Of the disbursements of £5,630.33 recorded in the receipts and payments account at Appendix 1, £846.30 relates to Category 2 disbursements (as defined at Appendix 3). The Category 2 disbursements are analysed as follows:

Nature of expense	Amount – £	Basis of charge
Mileage – firm's car	148.50	Mileage is charged at 10p per mile
Mileage – own car	697.80	Mileage is charged at 45p per mile



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Appendix 3

Tesla Exploration International Limited (In Administration) ("the Company")

Office Holders' Charging Policy for Fees

The secured creditor and preferential creditors have determined that the Administrators' remuneration should be fixed on the basis of time properly spent by the Administrators and their staff in attending to matters arising in the Administration.

The Administrators have engaged a manager and other staff to work on the cases. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by accounting and treasury executives dealing with the company's bank accounts and statutory compliance diaries. Work carried out by all staff is subject to the overall supervision of the Administrators.

All time spent by staff working directly on case-related matters is charged to a separate time code established for each case. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period is shown in Appendix 2, as are the current hourly rates used. The current hourly rates may be higher than the average rates, if hourly rates have increased over the period covered by this report. Time is recorded in units of six minutes.

Office Holders' Charging Policy for Disbursements

Statement of Insolvency Practice No. 9 ("SIP 9") published by R3 (The Association of Business Recovery Professionals) divides disbursements into two categories.

Category 1 disbursements comprise payments made by the office holders' firm, which comprise specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. These disbursements can be paid from the insolvent's assets without approval from the Committee. In line with SIP 9, it is our policy to disclose such disbursements drawn but not to seek approval for their payment.

Category 2 disbursements comprise payments made by the office holders' firm which include elements of shared or overhead costs. Such disbursements are subject to approval from the secured creditor and the preferential creditors as if they were remuneration. It is our policy, in line with SIP 9, to seek approval for this category of disbursement before they are drawn.



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Appendix 4

Creditors' request for further information regarding an administrators' remuneration or expenses – Rule 2.48A, Insolvency Rules 1986

- 1) If-
 - (a) within 21 days of receipt of a progress report under Rule 2.47-
 - (i) a secured creditor, or
 - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
 - (b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor,

makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2.47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2).
- (2) The administrator complies with this paragraph by either-
 - (a) providing all of the information asked for, or
 - (b) so far as the administrator considers that-
 - (i) the time or cost of preparation of the information would be excessive, or
 - (ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
 - (iii) the administrator is subject to an obligation of confidentiality in respect of the information,giving reasons for not providing all of the information.
- (3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of-
 - (a) the giving by the administrator of reasons for not providing all of the information asked for, or
 - (b) the expiry of the 14 days provided for in paragraph (1),and the court may make such order as it thinks just.
- (4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2.109(1B) by such further period as the court thinks just."

Creditors' claim that remuneration is excessive – extract from Rule 2.109 of the Insolvency Rules 1986

- "(1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4).
- (1A) Application may be made on the grounds that—
 - (a) the remuneration charged by the administrator,
 - (b) the basis fixed for the administrator's remuneration under Rule 2.106, or
 - (c) expenses incurred by the administrator,is or are, in all the circumstances, excessive or, in the case of an application under subparagraph (b), inappropriate.

- (1B) The application must, subject to any order of the court under Rule 2.48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")."



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Rule 2.47

Form 2.24B

The Insolvency Act 1986

Administrator's progress report

Name of Company

Tesla Exploration International Limited (In
Administration)

Company number

03195445

In the

High Court of Justice, Birmingham District Registry,
Chancery Division

[full name of court]

Court case number

8326 of 2016

(a) Insert full name(s)
and address(es) of
administrator(s)

I / We (a) Sam Woodward and Tom Lukic

Ernst & Young LLP, 100 Barbirolli Square, Manchester, M2 3EY and No. 1 Colmore Square,
Birmingham, B4 6HQ

administrator(s) of the above company attach a progress report for the period

from

to

(b) Insert date

(b) 21 September 2016

(b) 20 March 2017

Signed

Joint / Administrator(s)

Dated

18.04.17